

for Reagan's canoe, Page 19

Soviet paddle

Monday June 9 1986

D 8523 B

# N Korea **Olympics** events

World news

Some events in the 1988 summer Olympics set for Seoul, South Korea, are to be offered to North Ko-

International Olympic Committee president Juan Antonio Samaranch said there would be strict conditions. The borders would have to be opened to everyone attending the games, including 10,000 expect-ed from the news media.

The IOC is to meet this week to try to avert a possible political boy-cott led by North Korea. The committee, rather than Seoul, will handle negotiations with the north.

#### Hope for hostages

Efforts to secure the release of nine French hostages held by a pro-Khomeini group in Lebanon could be assisted by the expulsion from France at the weekend of Massoud Rajavi, leader of Iran's main oppo-

sition group.

Mr Tariq Aziz, Iraq's Foreign

Paris Minister, was one to arrive in Paris last night for urgent talks with the Chirac Government, indicating Iraqi concern at French moves to improve relations with Iran. Page 20

#### Taxi drivers jailed

Several Moscow taxi drivers have been jailed for up to 12 years for cheating the Soviet state out of 3.5m roubles (\$4.9m) over two years by not registering passengers, a So-viet newspaper said.

#### Haiti poli pledge

Haitian President Henri Namphy, faced with widespread unrest and the threat of a general strike, has promised general elections for next year and appealed for calm after he

### Disco bomb death

The death toll from the bombing of

About 1,000 anti-nuclear demonstrators attacked police and burned barricades in Hamburg, West Germany, following clashes between police and protesters at the manual protes police and protesters at the nearby Brokdorf nuclear power plant.

#### Pro-Marcos march

Police and soldiers in Manila used tear gas grenades and truncheons to disperse thousands of supporters of ousted Philippine leader Ferdinand Marcos who tried to march on the presidential palace.

#### Afghan rocket attack Afghan guerrillas say they destroy-

ed two jets and six helicopters and killed 24 Soviet troops in a recent rocket attack on n major Soviet airbase in western Afghanistan.

#### Middle East talks

King Hussein of Jordan is due in Washington for talks with Presi-dent Reagan expected to cover stalled Middle East peace talks

### Gorbachev visit

Soviet leader Mikhail Gorbachev received an informal welcome whan he arrived in Budapest for talks with Hungarian leaders and a summit of the seven-nation Warsaw Pact military alliance. Page 2

#### Prisoner freed

One of Pakistan's longest serving political prisoners, Rasul Bakhsb Palejo, has been freed seven years after he was imprisoned for speaking at illegal meetings, according to the left-wing Awami Tehrik (Peo-

#### ple's Movement) party. Lendi wins Open

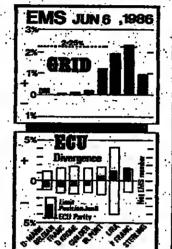
Ivan Lendi (Czechoslovakia) beat EEC and European Free Trade As-Mikael Pernfors (Sweden) to win sociation agreed on a simplified Mikael Pernfors (Sweden) to win the French Open men's tennis title

## Jordan may stage considers buying 40 **Tornados**

Business summary

JORDAN is considering buying 40 Tornado fighters in a deal which could be worth £1bn (\$1.5bn) to the British, German and Italian consortium, Panavia, which builds the air-craft. Page 2

EUROPEAN Monetary System: The French franc remained close to its more intervention level against the D Mark last week in rather featureess trading. Attention appeared to



that it would probably decline over the next few months.

The D-Mark was technically one the weakest members along with the Belgian franc, Danish krone and Dutch guilder. A reduction in short-term Belgian interest rates had little effect on the franc since the discount rate was left un-

year and appealed for calm after he said the nation was on the brink of civil war.

Cuba frees officer

Colonel Ricardo Montero Duque, the last imprisoned senior officer of the failed 1961 Bay of Pigs invasion, is back in the US after his release from a Cuban prison.

Disco house death

ropean currencies. TOKYO: Shares hit a record high with a 81.10 gain in the Nikkei market average to 16.899.01 on Sabre months ago rose to three when a day. Construction issues were particularly buoyant. World stock markets, Page 35

sors agreed on a new rule to take account of the "off-balance sheet" risks run by banks operating in the growing Euronote facilities market.

BRITISH GAS has lost its battle to be privatised with no debt in its balance sheet. Page 29

KENYAN President Daniel arap

Moi said foreigners who want to invest in Kenya must now bring in local partners with a controlling in-PHILLIPS PETROLEUM, US oil

major, plans to use a substantial part of the excess funds in its pen-sion plan to reduce heavy borrowings incurred last year as part of its defence against a hostile takeover bid. Page 21

CANADIAN Prime Minister Brian Mulroney launched the strongest defence yet of his initiative to secure a free trade agreement with the US. Page 3

OIL DEMAND: International Energy Agency revised upwards esti-mnted oil demand in the industrialised world for April to December

**EUROPEAN SILICON Structures** joint chairman Robb Wilmot, for mer ICL chairman, paid £100,000 (\$150,000) for a 10 per cent stake in venture-capital group Hoare Octagon. Page 6

UK: Economic forecasters in UK see little hope of any breakthrough on jobs in the next 18 months.

customs sysem for Western Europe from January 1 1988. Page 3

**FURTHER JOINT MEASURES 'REQUIRED'** 

# Group sees little hope for peace talks in S. Africa

By robert mauthner in London and Quentin Peel in Heemskerk

logue between blacks and whites in South Africa has proved impossible

The seven-member Eminent Persons Group, set up by Common-wealth heads of government in Oc-tober, has concluded that Pretoria was not disposed, at present, to embark on meaningful talks with black opposition leaders.

The group, which has made several visits to South Africa and the African "frontline" states over the past few months will set out its findings in a report expected to be sent to Commonwealth heads of

government today or tomorrow.

The report is due to be discussed by Mrs Margaret Thatcher, the British Prime Minister, and six other Commonwealth leaders at a meeting in London at the beginning well. of August, at which Britain is expected to come under strong pres-The British Government has so

far stood virtually alone within the support sanctions against South Commonwealth in opposing full- Africa unless it changes its racial

BY PETER MONTAGNON IN BASLE

His absence is seen as confirma- prices.

meeting of the Benk for Interna-tional Settlements in Basic.

tion that Mexico has reached a criti-

cal turning point in efforts to deal with its \$37bn foreign debt.

the BIS annual meeting, which groups top central bankers from de-

veloping as well as developed coun-

tries. This year it takes place against a backdrop of mounting un-

ease about Mexico's problems, which is linked to central banking

concern over the slow implementa-

tion of the so-called Baker Plan for

easing the developing-country debt

Although officials in Mexico City

have been talking of an imminent breakthrough in their long drawn-

out negotiations for assistance from the International Monetary Fund,

central bankers said there was as

yet no confirmation from the IMF

that such a breakthrough was at

Mr Mancera regularly attends

COMMONWEALTH leaders will be scale economic sanctions against discrimination policies within two told this week that further joint South Africa though it has long immeasures against Pretoria may be posed an embargo on arms and oil required because a peaceful diaexports to the country. The main British argument has been that economic sanctions have never prove effective in producing political change and that they would harm the black population of South Afri-

It is already clear, however, that Mrs Thatcher, faced with n negative report by the Eminent Persons' Group, will find it difficult to be as intransigent in her opposition to sanctions as she was in Nassau, when she agreed only to the ban on imports of Krugerrands.

Mr Kenneth Kannda, President of Zambia, has already threatened to pull his country out of the Com-monwealth if further sanctions - or economic measures," as the British vernment prefers to call them are not adopted by the Common-

Mr Bob Hawke, the Australian sure from its partners to adopt ad-ditional economic measures against been in favour of sanctions, is also stepping up the pressure. In Sydney yesterday he said that he would

New fears on Mexico's

fast running out of dollars to ser-vice its debt led to a fall of nearly 29 Such a move

One central banker recalled that wate sector to repair ate funds from

country with debts large enough to
destabilise the banking system.

Bankers believe this process may
now have run its course, not least Yet so far there has been no discussion of any bridging finance to help mexico through its current difficulties.

debt as bankers meet

vice its debt led to a fal

decision by Mexico, now apparently

under consideration, to start meet-

ing interest payments only in pesos

would pose serious problems for commercial bank lenders. It would

force them to make some difficult

decisions about how they value Mexican loans in their balance

Mexico "has been identified as n abroad.

months. Even Mr David Lange, the New Zealand Prime Minister and Mrs Thatcher's main ally in Nassau in said in London yesterday that he expected the Commonwealth heads of government would agree on such

measures later this year.

Interviewed on BBC television,
Mr Lange said he believed the
EPG's report would be so pessimistic about the attitude of the South African Government and the pos-sibility of further dialogue that the Commonwealth as a whole would be obliged to take action.

Pressure for additional against Pretoria has also been building up within the European Community though the 12 member countries are by no means unamimous on the precise course to fol-

Sir Geoffrey Howe, the British Foreign Secretary, persuaded his partners at an informal meeting in mskerk in the Netherlands at the weekend to wait for the publication of the EPG report before con-

Continued on Page 20 Martial law feers, Page 2

## Waldheim wins clear victory in **Austrian** election

By Patrick Blum in Vienna

DR KURT WALDHEIM, the former United Nations' Secretary General, won a clear victory in Austria's presidential election yesterday, despite an international controversy over his wartime past.

counted, Dr Waldheim had von 53.9

to oo avail.

A jubilant Dr Waldheim said last

Dr Waldheim will succeed Presi-

ter and divisive campaign which was dominated by allegations,

the World Jewish Congress and Israeli politicians, who accused him of being a liar. The controversy brought calls for Dr Waldheim to be barred entry into the US and Israel, where investigations about his past

MR Miguel Mansera, Mexico's central trail bank governor, has cancelled on Mexico's ability to continue bankers said that at the very least plans to attend today's annual meeting interest payments on its commercial banks would have to re-Britain is also looking into allega-tions that he may have been impli-cated in the disappearances of Britmeeting interest payments on its commercial banks would have to reforeign debt as its trade surplus duce sharply the interest margins they charge oo Mexico's rescheduled debt or even eliminate them ish commandos captured in the Bal-Speculation that Mexico might be altogether as part of any eventual

> controversy would die down after the election, but he may encounter per cent in the value of the peso rifice on the part of lenders along against the dollar last week. difficulties when abroad, as well as European central bankers said a guel de la Madrid. It would still face continued protests at home. avoid the more radical step of mov-

> > sador in Vienna, who is due to re-His election is expected to lead to

His victory is a sharp blow to the ruling Socialist Party. It is the first time since the Second World War that a candidate not supported by the Socialists has won the presidency. Dr Waldheim is backed by the conservative People's Party. With 99 per cent of the votes

per cent of the vote, almost 8 per-centage points more than Dr Kurt Steyrer, his Socialist rival, with only 48.1 per cent.

Last-minute warnings by Dr

Steyrer that a victory for Dr Waldheim would seriously damage Austria's international reputation were

night: "I am very happy, the result was so convincing. It encourages me to push ahead with the programme I put forward during my campaign: moral renewal, hard work, and integrity.

Dr Steyrer conceded defeat and said he was disappointed by his

dent Rudolf Kirchschläger, who is retiring after two six-year terms of office, the maximum allowed by the constitution, on July 8.

Dr Waldheim's victory ends a bit-

which he has always denied, that he was implicated in Nazi atrocities The allegations were taken op by

Dr Waldhelm predicted that the

ing to below-market interest rates although bankers say it would set rael would not replace its ambas-

"co-habitation" problems with the Socialist-led coalition Government.

# Shipyards may close as Paris plans aid cut

ONE OR MORE of France's major shipyards are likely to be closed down as the result of an expected government decision to discontinue part of its aid to the shipbuilding in-

Mr Alain Madelin, Industry Minister, told a closed meeting of his party over the weekend that there was currently sufficient work for only one yard and not for the five in existence. He said that it was "unreasonable" for the state to go on paying out FFr 350,000 (\$48,750) a year for each shipyard worker - a cost equivalent to three times their average salary.

The minister's remarks are seen as foreshadowing a government decision to refuse further cash assistance to Normed (Chantiers du Nord et de la Méditerranée), which is needed before the end of the month to help it meet its current

ommitments Normed, a private group which has been kept afloat by state aid since 1982, is one of France's two main shipbuilding companies, with yards at Dunkerque in the north and La Seyne and La Ciotat on the

The blocking of fresh aid could force the company to file for bankruptcy. In the view of Mr Madelin, one of the ministers most hostile to state intervention in the economy, it would then be the company's responsibility - and not the Government's - to decide how many and last year. which yards to close. The most vulnerable is Dunkerque, where the workload is now minimal.

A further sign that the Govern ment is proposing to block fresh funds to Normed was the distinction Mr Madelin drew between aid which would continue, and cash provided to keep a group afloat.

Alsthom Atlantique, the other large French shipbuilder, with vards at Saint-Nazaire at Nantes on the west coast, has mainly benefit ed from subsidies linked to new or ders and is unlikely to be affected A bankruptcy petition by Normed would be accompanied by government help for those made redun dant. The Government would also hope that other companies or some of Normed's own managers and engineers might be interested in taking over facilities in yards that

But yard closures would almost certainly provoke a strong reaction over job losses from trade unions, which are already protesting over planned workforce cuts in the French railways and the Paris

The issue of shipbuilding subsidies is seen as a major test of whether the conservative administration of Mr Jacques Chirac is prepared to risk unpopularity in suport of its free-market principles Subsidies to the industry will cost the state FFr 3.5bn this year, after FFr 5.3bn in 1984 and over FFr 3bn

# **UK** to study Soviet space mission offer

BY PETER MARSH IN LONDON

any formal offer to provide an as-tronaut for a Soviet space mission, astronauts, and Syria has two peo-the Department of Trade and In-ple preparing for a future Soviet dustry said yesterday.

Soviet Unioo would welcome a British astronaut on a future space flight. He has written to Mr Geof-Israeli officials said this week frey Pattie, the Industry Minister that if Dr Waldheim was elected Isviding further details of the propos-

> Since 1978 the Soviet Union has taken one person from each of 11 countries - France, India and nine Comecon nations - as guests on

BRITAIN would study with interest manned space flights. Swedeo has

space flight.

The guest astronauts normally Mr Ken Warren, a Conservative
MP, was told on a recent parliamentary visit to Moscow that the

The guest astronauts normally
stay in orbit for about a week, engaging in activities such as scientifgaging in activities such as scientific experiments and taking photographs of the earth. Mr Jean-Loup Chretien,

Frenchman who went on a Soviet mission in 1982, surprised his hosts by taking along orchids and a sup-ply of French food. Mr Rakeesh Shama, an Indian who spent 10 days in space in 1984, kept in shape in orbit by doing yoga.

Continued on Page 20

0

# EEC to review US 'dialogue'

BY QUENTIN PEEL IN HEEMSKERK

political dialogue with Washington meeting, which takes place twice n on the major areas of world tension, including the Middle East, Central

Mr van den Broek said the minis-

America and southern Africa. ing positions on how to resolve re-gional conflicts has prompted the study, to be carried out by top national officials in the 12 member

Mr Hans van den Broek, the Dutch Foreign Minister and current

The whole range of EEC-US rela-fully mediate in the present clitions, covering both trade and polittcal questions, was a major toric at the meeting in the country town of Heemskerk, outside Amsterdam. US relations was within the context East-West relations, the Middle of the Nato alliance.

EEC foreign ministers yesterday or-dered a review of the state of their Africa were also discussed at the

Mr van den Broek said the minis-Concern over the possibility of director and the political Europe and the US taking conflict-ing positions on how to resolve re-sider "whether it would be opportune to intensify our political dia-logue with the US.

We feel we may intensify our dialogue with the US to see where we It also reflects the growing frustration in European capitals at their inability to infuence US policy in areas such as Central America.

The interest followed in debate on

The move followed n debate on the Middle East in which Mr van chairman of the EEC Council of den Brock reported on the outcome Ministers, announced the review af- of his own trip to the region, includter a wide-ranging informal meeting with his colleagues, held behind that the Community could not use-

There is more than that. Our political contacts with the US as far as to those botheds of tension and con flict, those areas of the world where we feel that Europe could play a role to further the peace proces and where America is active in the same sense."

an unwelcome precedent which oth-er debtor countries would seek to

So far this year Mexico has ma

naged to meet interest payments by

squeeze which has forced the pri-

dint of a fierce domestic monetary

The foreign ministers did not dis-cuss the US threat to stop complying with the Salt-2 strategic arms li mitation agreement, as a question of security outside the scope of their EEC political co-operation

They did, however, consider the rising transatlantic trade tension with France in particular urging a strong and united EEC response to any unilateral US trade sanctions. Mr Jean-Bernard Raimond, the French Foreign Minister, said there must be n "common, firm and joint position" agreed among the 12 if the US went ahead with threatened action on July 1 in retaliation for the loss of Spanish grain sales.

EEC and Efta agree, Page 3

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#### CONTENTS

Britain . . . . . . . . . . . . 5-7

Editorial comment: Chinese Corporate communications:

Management: Rolls-Royce Lombard: how the dollar has British high-tech: dream Personal computing: foreign 

visit; space rivals ....... 18 Survey ....................... 11-15

Foreign affairs: paddling Sweden: Reagan's canoe ...... 19 Survey ...... Section III

# Gorbachev adopts low profile in Hungary

BY LESLIE COLLITT IN BUDAPEST

THE Soviet leader, Mr Mikhail Gorbarhev, began a visit to Hungary yesterday. It was his first absence from Moscow since the Chernobyl nuclear accident, which severely tested other east bloc countries.

of frankness at home and political initiative abroad.

The visit to Budapest Is to be followed by a Summit of Warsaw Pact countries. During the next few days more details of the Soviet leader's recent disamment proposals are extended for the Soviet leader's recent disamment proposals are extended for the street and the street of the soviet leader's recent disamment proposals are extended for the street of armament proposals are ex-pected to emerge.

Mr Janos Kadar, the 74-year-But Mr Gorbachev appeared old Hungarian leader, welcomed determined to show that him to the airport without the Chernobyl marked only a temporarary setback for his policy of national anthems, or

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Mr Gorbachev's first visit to house in the Buda Hills where Hungary as head of the Soviet Mr Gorbachev is staying. Mr Communist Party Illustrated Gorbachev's reformist approach the no frills approach he has introduced in relations with welcomed in Hungary whirn ingly did not send the usual was the first East European rountry to introduce market- oriented socialism. Hungarian officials note that Mr Gorbachev Budapest is taking place only has been continue liberalisation which were much and according to the usual messages of sympathy to the usu

Talks between the Soviet and exports after the radiation fall-Hungarian leaders began in the out from Chernobyl.

the other east Europeans, were not informed by Moscow of the extent of the fallout and accord-

Gorbachev (right): No frills approach

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### Israel upset by US spy reports

THE ISRAELI Government has firmly rejected a flurry of re-ports over the past week that its espionage activities in the US may have been much greater than was initially admitted; fol-lowing the arrest last Novem-ber of Mr Jonathan Pollard, a former US naval intelligence

former US naval intelligence analyst.

Mr Pollard pleaded guilty in a District of Colombia Court, last Wednesday to spying for Israel, In an elaborate plea bargaining arrangement designed to prevent a lengthy public hearing likely to produce revelations highly embarrassing to Israel.

to Israel.

The arrest of Mr Pollard and the subsequent disclosure that he formed part of o top secret intelligence unit, headed by a feedback of the subsequence of former intelligence advisor to the Israell Prime Minister, put the normally close bilateral relations with the US under un-

usual strain. Yesterday Israel was moved to express its concern over the recent "wave of unfounded pro-nouncements regarding the alleged involvement of the Government of Israel in arms

Government of Israel in arms deals and espionage activities."

A statement Issued after a regular meeting of the full Cabinet, rebutted comments by Mr William Webster, the FBI Director, that Israel has not been co-operating whole-heartedly with the US investigators, as Prime Minister, Shimon Peres had promised in December.

Yesterday's cabinet statement Yesterday's cabinet statement said Israel was committed to a continuation of the full cooperation it had provided over the Pollard case; co-operation said to be based on "the mutual trust between the two countries." It boped the allegation against Israel would not con-

against Israel would not continue.

A US Grand Jury is currently meeting in secret, looking into the whole question of Israeli espionage in the US raising the possibility that the Pollard case may escalate into a much larger affair, causing serious damage to US-Israel relations.

What Israel fears in particular—and may be trying to head off—is that the Pollard trial will result in prosecution being brought against other American or Israeli citizens. Four Israelis, including Gen Raphoel Eitan and a serving senior air force officer, Brig Gen Aviem Sella, were named in court on Wednesday as "unindicted co-conspirators."

### Jordan may buy 40 Tornado jets

JORDAN is considering buying 40 Tornado fighters in a deal which could be worth £lbn (\$1.5bn) to the British, German and Italian consortium, Panavia, which builds the air-

Panavia, it emerged yesterday, is also suggesting that Tornado pro-duction could be extended by up to 15 years from 1992 when current or

ders are due to expire.

The British Government, leading the Jordanian negotiations for the other partners, has been talking to Amman about a Tornado sale for four years. A final Jordanian decision is likely to be made by the end of this year, according to a Panavia official at tending the Hanover Air

### **Blacks** fear **Pretoria** may impose martial law

By Patti Waldmeir in Johannesburg

Rints that the South African

Government is considering re-imposing a state of emer-

re-imposing a state of emer-gency or even martial law in the country have sent many hack activists into hiding in anticipation of a security crackdown ahead of next week's tenth anniversary of the June 16 Soweto nprising. Reports over the weekend in the country's Afrikaans Press, which has close links with the raling National Party with the ruling National Party Government, spoke of the possibility that the Government may adopt wide-ranging emergency powers, or even impose martial law, to deal with country-wide mass protests planned by antiapartheid groups to commemorate June 16, the most important day on the black political calendar. Public meetings to celebrate the anniversary of the Soweto revolt in 1976 have already been hanned.

Anti-apartheid groups, which have lannehed a campaign of opposition to the

which have lannehed a cam-paign of opposition to the proposed laws, argue that they woold allow the Minister to declare a state of emergency in al but name — thus avoid-ing the international condem-nation which resulted from the imposition of a state of emergency in July last year. The multi-racial United Democratic Front is to chal-

The multi-racial United Democratic Front is to challenge the ban on meetings this week in the Supreme Court and several anti-apartheld leaders, including Bishop Desmond Tutn and Rev Allan Boesak, have said they will defy the restrictions. The leaks appeared to be aimed at preparing pubtic opinion for a wave of perhaps thousands of detentions ahead of the anniversary, which activists plan to mark with commemorative demonwith commemorative demon-strations, rallles and church services and a one-day general

strike. The threat of martial law

The threat of martial law may also be aimed at pressuring Indian and coloured members of Parliament into dropping their opposition to new security legislation now before the country's tricameral parliament.

Delaying tactics adopted in the Indian and coloured Houses have frustrated Covernment's Intention of putting two new security laws on the statute books hy June 16. The proposed legislation would remove indicial safeguards on some forms of security detention and enable the Minister of Law and Order to declare "uprest areas," where security forces proud have wide discretion. would have wide discretion-

Berlin dispute settled East Germany will stop pass-port checks on diplomats at Berlin crossing points and issue them with diplomatic passes. Western officials said yesterday, Reuter reports from East Berlin. The move appeared to end a two-week dispute after the introduction of passport controls which Nato countries held to be a violation of the city's post-war status.

Cyprus protests Cyprus protests
The Cyprus Government is making a strong protest to the United Nations over the plauned visit of Mr Turgut Ozal, Turkisb Prime Munister, to the Turkish-held northern part of the island, early next month, writes Andreas Hadjipapas in Cyprus.

IMF deal for Gambia The Gamhia has reoched agreement with the International Monetary Fund on conditions under which the IMF will accord abort-term aid to the West African state, AP reports from Banjul.

# Paris eases law on worker redundancies

BY PAUL BETTS IN PARIS

THE FRENCH conservative redundances without having to government has pushed legisla- seek approval from the local tion through the National Asgovernment has pushed legisla-tion through the National As-sembly making it easier for companies to declare redundancies.

The controversial legislation

wing government's economic strategy to try to atimulate investment and job creation. The Government argues that giving business greater flexibility to hire and fire workers will also encourage it to recruit more workers iban in the past. The legislation is flerely opposed by the Socialist Party and has provoked alarm and opposed by the Socialist Party and has provoked alarm and anger in the French labour movement. The Socialist Party has tabled a censure motion against the Government to underline its opposition to the new redundancy legislation al-ihough the move is largely sym-bolic since it has no chance of

being approved. The extreme right National Front voted together with the neo-Gaullist RPR party and the UDF centrist coalition in favour of the bill while the Socialists

the majority.

The legislation will allow next presidential election in companies to declare immediate 1958.

The decision has been welcomed by the Patrooat the French employers confedera-

tion, but has provoked increasing militancy in the labour movement which has until now is a key component of the right-wing government's economic movement which has until now been mostly demoralised and subdued. Mr Edmond Maire, the head of the pro-Socialise CFDT union, expressed his anger at the voic and warned of the reaction the new legislation could provoke among the unions.

A protest was also staged in Paris on Saturday night by opponents of the Government's privatisation plans for France's oldest and biggest state tele-vision network TF-1. The controversy over the government's hroadcasting reform is strain ing the already complex conabitation between the Sci2-list President and right-wing government.

However, polls published at the weekend showed that a large majority of French voters or the bill while the Socialists large majority of French votes and the Communists opposed appeared to be pleased with the lit. The bill now goes to the results so far of cohabitation and would like it to continue the majority. and would like it to continue until the scheduled date for the

### Violence mars W. German protests against N-power

clashes with the youths, have about 400 escaped to erect begun to use snatch squads to street barricades and fight run-catch people throwing petrol ning battles with police.

VIOLENT CLASHES between police and masked youths dominated anti-nuclear power protests in West Germany at the weekend.

Police and youth clashed at demonstrations at a newly completed reactor near Brokdorf in Schleswig-Hoistein and again, at the site of a planned reprocessing plant near Wackersdorf In Bavarla on Saturday.

In Hamburg yesterday more

bombs or attacking their lines with slingshots and catapaults. About \$0 people were arrested at the Wackersdorf site. One demonstration at the Wackersdorf in his hand.

As at Wackersdorf the demonstration at Brokdorf was apparently proceeding peace fully until about 1.500 masked youths, nicknamed Chapters (chaos makers) by the German In Hamburg yesterday more than 200 people were arrested and several policemen were injured when protestors gathered to demonstrate against police tactics at Saturday's rallies.

The fighting appears to have been marked by the introduction of tough new police methods, particularly around Wackersdorf where a new police chief has been installed. Police, apparently much more disciplined than two weeks ago when more than 200 were hurt in clashes with the youths, have begun to use snatch squads to

### Aquino urged to include Communists in coalition

BY CHRIS SHERWELL, SOUTHEAST ASIA CORRESPONDENT, IN SINGAPORE

A FOUNDER member of the Philippines Communist Party has called on President Corazon Aquino to include the country's Aquino to include the country's "revolutionary forces" in a coalition government in order to overcome the country's economic and political crisis.

The call came from Mr Jose Mr. Sison at a weekend seminar in Singapore on recent developments in the Philippines. Mr Sison was released from detention by Mrs Aquino shortly after sbe succeeded former President Ferdinand Marcos in February, following a popularly supported army rebellion. Mr Sison, who describes himself as an "observer" of the underground Communist Party, said in an interview that the party would want the Ministry of Land Reform and other posts if it shared power with legal parties in a coalition I Cabinat.

Asked why Mrs Aquino should include a party which did not help her win power, Mr Sison Insisted that It was the "revolutionary forces" led by the Communist Party, which had laid the foundation for the over-throw of the Marcos regime.

Mr Sison also sald that the Communist Party woold never be "baited" into accepting legalisation if this meant giving up its military strength. But a cease-fire with the Govern-ment was negotiable, and this was now being studied. Gov-ernment forces, he insisted, had to end their offensive.

AP reports: Mrs Aquino has alld she will not run to any presidential election that might be called under a new Philippine constitution now being drafted by a 48-member commission she formed two weeks ago.

### Peking to investigate clash at student dance party

BY ROBERT THOMSON IN PEKING

lingering consequences of con-filct between Chinese and foreign atudents, yesterday promised to investigate a recent

THE Chinese Government, visit bome.
severely embarrassed by the Students from about 10 lingering consequences of conflict between Chinese and were involved in the Tianjin foreign atudents, yesterday the trouble was started by the

four years. A final Jordanian decision is likely to be made by the end of this year, according to a Panavio official at tending the Hanover Air Show.

King Hussein of Jordan has already flown the Tornado and the prospects for a sale have been boosted by the recent US decision not to sell Fifs to Jordan.

The Jordanians are interested in the air defence version of the Tornado, not its strike variant, and it is thought likely that this will make it easier for the consortium, particularly with Germany, to sell to Jordan despite inevitable israeli objections.

The aircraft would cost about DM Som [518m] each to fly away, but a deal would be bound to include separate training and spares agreements.

Chances for a big Tornado export success after British-led deals to serious threat to negotiations on the sale of 40 Tornados to Turkey.

The British, West German and latian governments have been in able to agree on how to help Turkey finance the purchase.

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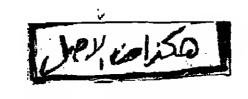
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# Latin America to resist US move on IADB rules

BY PETER MONTAGNON IN BASLE

LATIN AMERICAN countries be defined. Only with a sub-are from the US for a change it be able to meet its targetted in voting rules that would allow it effectively to veto new loan to some \$5 n a year. aro determined to resist pressure from the US for a change in voting rules that would allow it effectively to veto new loan proposals by the Inter-American Development Bank.

The US is seeking to increase the majority required for the

the US is seeking to increase the majority required for the approval of individual loan proposals from 50 per cent of the IADB's sharebolders to 65 per cent. This would be in return for support for a \$19.9bm capital increase that would allow the increase that would allow the IADB to increase its lending under the so-called Baker plan for easing tho debt crisis.

for easing tho debt crisis.

Latin American central bankers ottending the bank for intornational settlements annual meeting in Basle say such a change would have no chance of being ratified by the region'a parliaments. The US has a 34.5 per cent voting share on the board of the IADB and could block loans with the support of just one other member. port of just one other member.

One fear is that fallure to agree a new capital increase would leave the Inter-Amorican Bank unable to make new loans to the four largest debtors in Latin America — Argentina, Brazil, Mexico and Venezuela reducing it to the minor rolo of holping only the poorer countries of the region. Since the Inter-American Bank'a annual meeting in Sanjose, Costa Rica, last March,

the US has refused to modify its conditions for a capital This also includes a tightening of economic policy conditions applied to its loans so that it

can embark on more sectoral programme lending rathor than financing specific projects.

Further attempts to resolve As a result the role that the problem will be made at a IADB will play in implementing meeting of the governors' comthe Baker plan still remains to mittee in Paris in mid-July.

### Venezuela holds out for \$750m refinancing

finance all or at least the major for the loss to its reserves.

part nf the \$750 (£500m) Still uncertain is the degree principal repayment now falling to which the longer-term repaydno to bank creditors under its ment schedule would be modi-

paration in Caracas, bo said. So far, the proposals, due to be presented to creditor banks shortly, could be finalised as early as creditor the end of this week,

He said Venezuela was still willing in make the principal Mr repayment but would seek a lems simultaneous fresb loan from tive

Raul Losada, central bank governor said in Basle.

The refinancing would be a key part of proposals to amend the rescheduling now in preparation in Caracas he said.

So far, bowever, progress has been slow partly because of concern among interest payments by some Venezuelan state entities. Mr Losada said these prob-lems were purely administra-

## **IEA** revises upwards oil demand estimate

BY RICHARD JOHNS

THE International Energy peak recorded in the July-Agency (IEA) has revised September period of 1985, upwards its estimate of oil Nevertheless, the IEA now

that consumption might be sufficient in the last quarter to give a domand for crude pro-duced by members of the Organisation of Petroleum Exporting Countries (Opec) of up to 18m barrels a day—generally reckoned to be the lowest ceiling under which members can agree upon individual quotas with any bope of them being observed.

Opec output, meanwhile, bas continued to run at 17.3m b/d, compared with the 16m b/d still notionally in force, according to the IEA's monthly oil market report for May. Most members are exceeding their quotas, with Kuwait, Iraq and the United Arab Emirates being

mainly responsible.

The IEA notes that non-Opec The IEA notes that non-Opec supplies increased in May with higher output from Mexico and possibly Egypt while Norway's exports were resumed with the end of an Industrial dispute.

Net exports from the Communist world are likely to increase by about 400,000 b/d to about 1.6m b/d in accordance with the normal seasonal pattern according to preliminary

tern, according to preliminary

indications.

Despite Opec's campaign to get non-member producers to restrain output, the IEA foresees supplies from other sources averaging 28.6m b/d in the second half of 1986, only marginally below the quarterly marginally below the quarterly

demand in the industrialised reckons demand in the non-world for the April-December Communist world will average period of 1986 as a result of "significantly lower product prices and increasing economic activity" compared to 1985. Its latest projections indicate three months ago were 45.7m b/d and 47m b/d — with the ufficient in the last quarter to bigher demand from member states of the Organisation for Economic Co-operation and Development (OECD).

Assuming neutral stock move-ments, demand for Opec crude would be 16.2m b/d in the third quarter, when a slight draw-down of inventories can be expected, and 17.7m b/d in the last quarter when a significant build-up (700,000 b/d in 1985) is nrobable.

Demand projections based on current crude oil and product prices. They also take into account three other main considerations:

considerations:

Lower petrol pump prices will probably increase the average distance travelled per vehicle off-setting continued improvements in ongine officiency with the result that consumption could grow by 2-3 per cent in the OECD area over 1988.

Diesel fuel deliveries should

over 1936.

Diesel fuel deliveries should increase because of bigher economic activity and a rise in the market share of diesel-powered vehicles. Demand for middle distillates could also be

up 2-3 per cent.

The substantial decline in beavy fuel oil demand of the last few years is expected to slow down because of greater use in dual-fired capacity for

### Kuwait 'output 1.5m b/d'

KUWAIT IS currently produc-ing oil at the rate of 1.5m deals related to actual market barrels a day compared with barrels a day compared with o quota under the Organisation

of Petroleum Exporting Countries' (Opec) nutput sharing pact of 900,000 b/d, according to the nowspaper Al-Qabas. The Kuwaiti dally yesterday

and that the state was selling 150,000 b/d on the basis of long-term contracts and—apart from domestic consumption—

nesia's Minister of Mines and Energy, has said that higher world demand for oil should allow Opec to raise production quotas for the last quarter of 1986 at the ministerial confer-once acheduled to atart on Brioni, the Yugoslav island, on

#### World Economic Indicators

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### Mulroney defends free trade

CANADIAN Prime Minister Brian Mulroney has launched the strongest defence yet of his initiative to secure a free trade agreement with the US, in face of new moves in Washington to curb US imports of softwood lumber, one of Canada's most valuable

initiative

exports.
In the past few days, Mr
Mulroney has told business
groups in Ontario and
Quebec, the industrialised provinces where opposition to lower trade barriers is strongest, that he expects his 20-month-old government to be judged on the free trade initiative. initiative.
Ho said in London, Ontario,

that no move by the Con-servative Government is more important or historically significant "tian the trade negotiations which began last month.

Separately, federal and pro-

vincial governments, the lumber industry and trade unions will meet in Van-couver this week in plan tbeir response to the US Commerce Department's decision to proceed with an inquiry into alleged subsidies on softwod lumber imports from Canada.

## EEC and Efta agree joint customs system

SHIPPING REPORT **Encouraging rise in rates** 

A STEADY level of business had been equally encouraging last week for crude oil tankers is reported by Galbraith's, the shipping brokers.

A STEADY level of business had been equally encouraging with Worldscale 40 having been paid for a 250,000 dwt to north-west Europe. shipping brokers.
Several very large crudo oil tankers in the Arabian Gulf havo been fixed during the past week on a private basis, with a similar number of market fixures.

The Mediterranean Sea had been fairly active, said Galbraich although the prevailing rates had softened slightly.

There had been a reasonably steady flow of orders from West Africa had rates had

Arabian Gult/Japan movement "Owners have taken a view was Worldscale 39 — a mar- of the market and decided to ginal improvement on the pre-vious week. Rates for movements to Western destinations ther," said Galbraith's.

THE EUROPEAN Economic divorse customs formalities for a formal commitment from agreements with the Community (EEC) and the Geneva-based European Free Trade Association (Efta) have agreed to introduce a simplified customs system throughout Western Europe from January I, 1988.

Agreement was reached last a meeting of the Efta ministerial council of the EEC dommissioner responsions.

Agreement was reached last a meeting of the Efta ministerial council of the Efta ministerial council of the EEC Commissioner responsions.

Agreement was reached last a meeting of the Efta ministerial council of the EEC and Efta, of the EEC Commissioner responsions and research and switzerland.

The two blocks also agreed to speed up work on simplifying or origin, which determine the minister and Norway will sign up soon.

Efta countries Austria, munity. Austria and Norway will sign up soon.

Efta companies and research of the Efta countries are deviced by the Carrently practised by the Efta countries—Austria, minity. Austria and Norway.

The two blocks also agreed to speed up work on simplifying or granisations, programs such to speed up work on simplifying or granisations

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Agreement was reached and Race in research, and reached on principles for cooperating with
Agreement was reached on principles for cooperating with

### Oil tanker boom forecast

BY ANATOLE KALETSKY

over a slightly longor period.

These conclusion are based on a newly developed model of the international shipping market which is unveiled in the quarterly economic review of the City University Business occept lower levels in anticipa-tion that rates will drop fur-

LOWER oil prices should produce a boom in the tanker market during the next few years, according to a report published today by the City University Business School.

Tanker prices could rise by as much as 300 per cent by 1988 because of the extra domand generated by the recent collapse in oil prices, while freight rates could rise even higher over a slightly longer period.

School. The model assumes an oil price of \$12.50 per barrel in 1986, rising thereafter at the rate of world inflation. This implies that a growth rate of 6 per cent in seaborne trade in 1990 and growth of 3.2 per cent after that.

The Middle East would regain its share of the oil market and the percentage of long-haul oil in seaborne trade would rise over a slightly longer period. oll price of \$12.50 per barrel in 1986, rising thereafter at the rate of world inflation. This im-plies that a growth rate of 6 per cent in seaborne trade in

### Paris seeks alternative to AT&T

THE FRENCH Government is to hold talks with the heads nmunications companies in the next few weeks to try to find alternative solutions to a landmark deal between Com-pagnie Generale d'Electricité (CGE), the nationalised Freach electronics and telecommuni-cations group and American Telephone and Telegraph Telephone (AT & T),

The deal would give AT&T a 16 per cent share of the French public telephone switch

The French industry ministry confirmed in a communique that Mr Alain Madelin, the new Industry Minister, and Mr Gerard Longuet, the secretary of state for Post and Telecom-munications, are planning to review all possible olternatives to the CGE-AT&T deal in

per cent in seabothe trade in oil to 1990 and growth of 3.2 per cent after that.

The Middle East would regain its share of the oil market and the percentage of long-haul oil in seabotho trade would rise-from 20 per cent in 1985 to 30 per cent in 1990 and 36 per cent in 1995.

As a result, the percentage of manufacturer formerly owised nationalised telecommunications manufacturer formerly owned As a result, the percentage of tanker tonnage laid up should tall from 18.4 per cent in 1986 to less than 1 per cent by 1989 public switch market.

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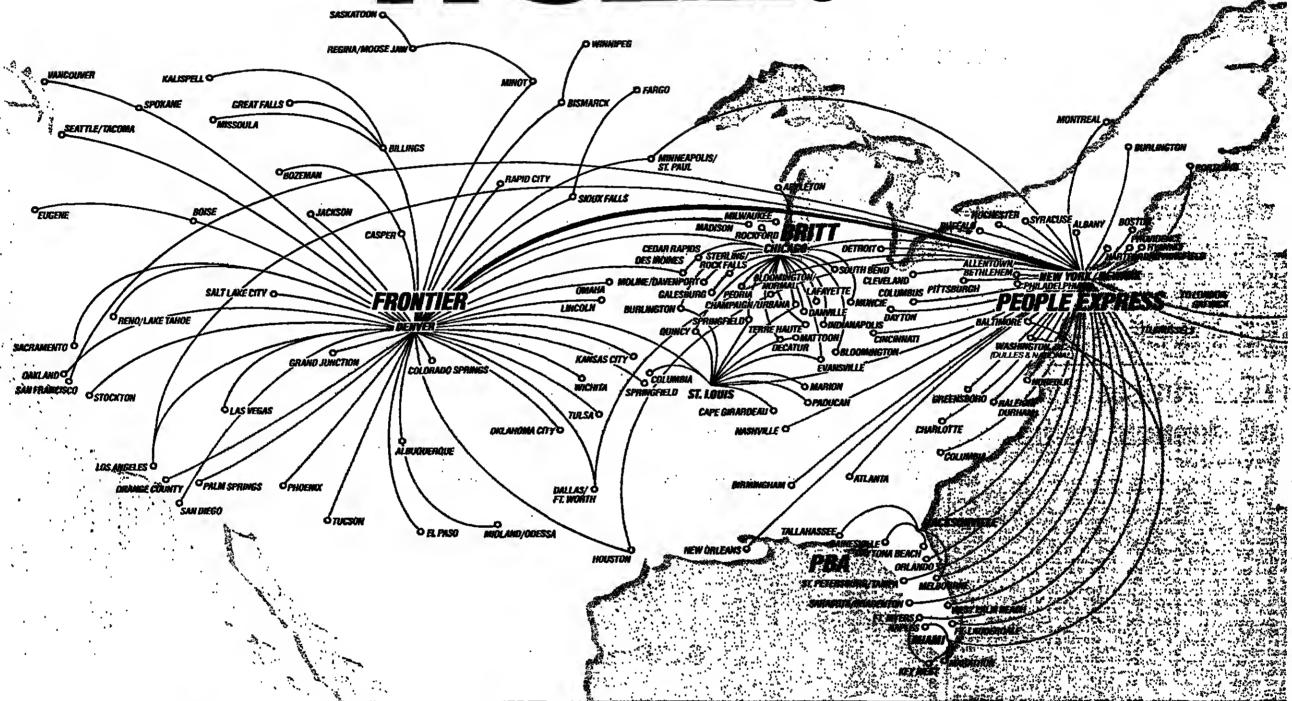
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### **UK NEWS**

# Forecasters see little hope in job prospects

Al Coult rebud

on jobs in the next 18 months.

Government's top priority. employed this year will average 3.2m. Next year should see very little change; the FT average for 1987 is 3.1m; City of London brokers go for a repeat of 1986.

Retail prices, the forecasters believe, will end the year 3.3 per cent up on January. The London financial community says 3.0 per cent. For next year the average prediction is a rate of 3.7 per cent, with brokers opting for a higher 3.9 per cent. The Transparent which complete cent. The Treasury, which completed its estimates in March, looks to 3.5 per cent for both years.

prices will start to rise again signifi- and 5.2 per cent are forecast.

ECONOMIC forecasters in the UK Public-sector borrowing, which see little hope of any breakthrough the Chancellor of the Exchequer be lieves will remain at around £7bn Growth, they say, will remain (\$10.50bn) per annum for the nextsteady, at 2.5 per cent per annum - few years, will reach £7.6bn by the down from last year's 3.3 per cent - end of the present financial year but with retail prices set to rise and £3.4bn in 1967-85, forecasters again in 1987, the battle against insay. The City of London consensus flation is expected to remain the is for £7.4bn and £3.3bn.

Interest rates, on which the Trea-The latest Financial Times sur-vey of economic forecasts suggests that the total number of adults un-per cent by the autumn and somewhat under that 12 months later. Much will depend on government feelings on economic growth. Membership of the European Monetary System could also affect rates.

According to the survey, sterling itself will end this year at a 1975 indexed level of 74.5 per cent, with a decline to 72 per cent following in 1987. Again, the EMS factor, so long discounted.

UK exports, the survey suggests, are set to rise by 2.9 per cent this year and 3.6 per cent next. On the Agreement is widespread that imports front, rises of 4.2 per cent

## Labour digs in to renew attack over Financial Services Bill

former Oxford law don must lead sector body beyond Treasury conhis backbenchers into battle over straints on recruitment and rethe Pinencial Services Bill - on ter- sources - but it will be named in the rain where the Government now Bill as Mr Nelson wanted and grad-

seems to hold all the high ground.

At least 14 hours of parliamentary time has been set aside on Wednesday and Thursday for the Commons report stage and third wards his other goal - the extension of the Bill to accommon a report stage. reading of the Bill - which sets out of the Bill to encompass regulation the besic legal principles and insti-utional framework for a new system of investor protection, based on

In the clause by clause trench warfare of the Bills committee stage Mr Gould gained some ground towards his objective of an ndependent statutory commission lice the City of London.

During the eight weeks of debate : which ended on March 25, the Government suffered three embarrassing defeats. Mr Gould joined muti-nous Conversative backbench MPs Mr Anthony Nelson and Mr Tim Smith in pushing through amend-ments giving explicit statutory recognition and extra powers of prosecution and investigation to the ecurities and Investment Board (SIB), the key body in the new regu-

Since then, Mr Michael Howard, the corporate and consumer affairs minister at the Department of

FOUR DAYS of hard tactical thinking be shead for Mr Bryan Gould.

In the Labour trade spokesman in the House of Commons. This week the The SIB will remain a private the Government could still come unstuck.

Certainly Mr Gould will table an

amendment seeking to defeat Clause 40, which exempts Lloyd'e from its scope. But he knows a fullscale debate on the subject may. well be out of order because it has been thrashed out twice - both times to the Government's satisfaction - in the last six months.

He also knows that Mr Brian Sedgemore, Labour's secret weapon, has run out of ammunition. Mr Sedgemore made alleged City of London fraud a public issue late last year with a stream of allegations about the shortcomings of self. regulation of Lloyd's

Mr Gould's only hope of getting Lloyd's into the Bill lies in the report of the Neill Inquiry, to which be and Mr Sedgemore have both given evidence. The inquiry, which was set up in January to review the workings of the 1982 Lloyd's Act, is

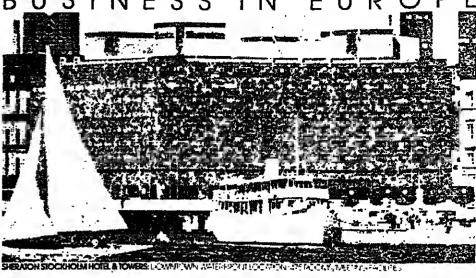
First, the Government last month rielded to threats of non-cooperation from the SROs and agreed to give them statutory immunity against lawsuits by aggrieved inalleging civil wrongs such as negligence or defamation.

The problems here could stem from resentment by the Law Society and other professional bodies. such as the Institute of Accountancy. Under the Bill they will he empowered to regulate investment business done by their members, but are unlikely to get the SROs

statutory immunity.
Second, the Government has risked further displeasure from the professional bodies by agreeing with Mr Gould that the SIB should have powers to seek changes in their investor protection rules.

Finally, MPs in committee were united in urging the Department of Trade and Industry to press the Marketing of Investments Board Organising Committee (MIBOC), chaired hy Mr Mark Weinberg, to enforce tough disclosure requirements on the sale of life assurance There is a chance of further rebelli on by some Conservative back-benchers who feel that MIBOC's proposals are inadequate

Checks on auditing, Page 7



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# Sogat faces conflict on Wapping tactics

BY HELEN HAGUE, LABOUR STAFF

CONFLICT between London 82 and the union's national leaderpute is set to dominate the union's has entered a new era after sacke

The union's national executive bas submitted an emergency mo-tion for debate at conference in the wake of sacked members' rejection of the company's "final" offer of £50m compensation and printing presses and office space for a Labour movement newspaper.

The motion tacitly rejects any strategy which would jeopardise the union's future financial independence. It makes no reference to fit to be paid for a further 20 weeks the union's claims for jobs and recognition at the company's plant in Wapping, east London, and in Glasgow. It puts forward no new major tabled a motion condeming the namitiatives in the wake of the members' rejection by secret ballot of contempt of court and criticising the company's offer - but it presses the handling of the dispute to date instead for the Trades Union Con-

London branches representing branches of the print union Sogat the union's sacked News International members are seeking to win ship on future strategy in the 20- cooference support for a major esweek-old News International dis- calation of the dispute, now that it conference in Scarborough, York-shire, this week. members voted by 2,081 to 1,415 to reject the offer and for increased picketing and demonstrations at Wapping.

A motion from London clerical branch calls on the national leadership to campaign for the expulsion of the electricians union EEPTU from the TUC unless the union instructs its members not to cross picket lines at News International plants and ceases recruitment for the compan

. It also calls for full dispute bene

The London machine branch has

### Rift on defence policy 'may damage Alliance'

BY PETER RIDDELL, POLITICAL EDITOR

THE PROSPECTS of the Social Democratic and Liberal Alliance could be seriously damaged at the next general election if the current disagreement over nuclear defence policy continues until then, Mr David Steel, the Liberal leader, and Mrs Shirley Williams, the president of the Social Democratic Party, admit-

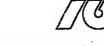
Mr Steel said that without an agreed line it would be "pretty close to the end of the world" and would make life for candidates "extremely

Similarly, Mrs Williams conceded it would be damaging if the debate ran up to the next election, but she saw no reason why it should not be resolved long before that.

due to be published on Wednesday marine-based missiles, and wha form it should take should be made later, after an election, depending

Dr David Owen, the SDP leader bas annoyed other SDP leaders, as well as senior Liberals, by publicly rejecting this formula. He is insis ing upon the retention of a Britis nuclear capability, including the re-placement of Polaris, unless there are deep cuts in Soviet and US mis





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# Japanese cars barred by third of fleet buyers'

operates an embargo against the purchase of Japanese cars, according to a survey carried out by Herondrive, the vehicle fleet manage ment and leasing subsidiary of Mr

"buy British" policy, although there is a great deal nf confusion over the true nrigin of some cars, the survey

Cars from Eastern Europe and Third World countries are not conidered at all.

survey, which covered 50 companies running a total of 35,243 cars. should be seen as encouraging for Austin Rover, Even in the case of its Honda-based cars, such as the companies perceive them to be wholly British.

culty in classifying both General Motors' Vauxball/Opel nperations and Ford. The two multinationals were classed as European by 52 per cent, as British by 38 per cent and as British and European by 8 per cent. Some 2 per cent regarded them as American.

that there is a continuing need in Furd and GM to emphasize the volvement in the UK

"The strength of their UK brand. ing and low perception of the inte-A passible source of worry for

transmissions, only 42 per cent of cent to consider the cars to be French, 18 per cent Anglo-French,

plant goes nn stream next month its direct imports, ft envise compared with 6 per cent now and must win over business car

Survey. Richard Seth—Smith ( munications, Mimosa House,

# Former ICL chief buys Hoare stake

MR ROBB WILMOT, former chairman of the British computer company ICL, has paid £100,000 for a 10 per cent stake in the high technology venture capital group, Hoare Oc-

Mr Wilmot resigned as ICL's nonlast year to concentrate on running Structures, the pan-European mic-rochip start-up venture of which he

board member of Hoare Octagon, a ioint venture set up two years ago and Mr Alex Reid, a former senior manager at British Telecom and one-time chairman of Acorn, the troubled computer group.

Hoare Octagon manages funds under the Business Expan-sion Scheme (BES), which permits embryos of blg companies of the foprivate investors to claim tax relief for the cost of buying shares in unquoted ventures. Since its formation Hoare Octagon has put £3.7m

into a total of 25 companies. venture capital it to build trading liture capital world is doing an effection companies.

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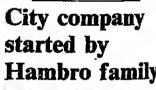
tive joh, it is leaving a huge gap is

erage for venture capital. by circumstances." Mr Wilmot se

mercial source He estimated that less than

growth enterprises. Mr Wilmot said Hoare Octage fitted his own philosophy of a ture rather than just investing in small businesses for their own

The group follows a US style of venture capital investment, trying to build trading links between por-



By David Lascelles AN INVESTMENT company, J. O. Hambro & Co. has been set up by

the branch of the Hambro Bank and sold most of its stake. The chairman of the company will be Mr Jocelyn Hambro, the former president of Hambros, who will also have a small stake in the concern. The chief owners will be his three sons Rupert, Richard and James. The company's authorised capital will be £25m, with £5m paid

Mr Rupert Hambro, who was for merly chief executive of Hambros, said the aim of the new company was to offer specialist skills and objective advice at a time when the changes in the City of London were producing large, often impersonal, financial groupings.

and capital to back what we foresee to be the fall-out from the Big to take the long view, over 10 years, rather than react to short-term



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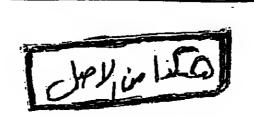
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BY PETER RIDDELL POLITICAL EDITOR

THE TREASURY intends to seek public expenditure means getting

grammes to enable a shift in priorities, permitting higher spending on education, health and housing, is coming round of expenditure deci-

phasis was signalled over

sizeable savings in major public ex. the numbers right, but equally it seized upon by Mr Roy Hattersley, penditure programmes through in-creased efficiency and improved shall be attaching every hit as much Exchequer. importance to both in the forthcoming expenditure round."

Mr MacGregor stressed the "sub-stantial savings" achieved in the health service, defence and roads expected to form a central theme of from better management and com-His view means that the Treasu-

ry will be pressing a number of departments to see whether some of their bids for increased spending,

work and roads that are repaired, a safe clean environment, a decent

This emphasis was signalled over the restriction for increased spending, amord nearly from for tax cuts unsured the weekend in a party speech by and even some of their existing disproportionately benefit the rich planned expenditure, can be retary to the Treasury.

Noting recent newspaper headings about huge bids for public expenditure, he said, "Controlling rect tax cuts and higher spending amord nearly from for unsured disproportionately benefit the rich d

# Checks on auditing proposed

THE INSTITUTE of Chartered Ac- effective self-regulatory organisa- lating the quality of company accountants in England and Wales is tions. to consider setting up procedures for quality reviews of the accounts of listed companies.

Already the accountancy bodies are being required by the Securities and Investments Board, the top

For the first time, the institute may take the initiative in seeking out accounts which fail to follow laid down accounting standards and disciplining the member firms of chartered accountants which have

The proposals are a response to the pressures on the accountancy bodies – of which the English insti-

ote last week which means

cause of the Government's labour

The NUS executive, meeting at

Already the accountancy bodies. watchdog body being set up under new financial services legislation, to tighten their procedures if they are to be licensed to authorise their members to carry on investment-re-

ancial Services Bill but neverthe-

be elected by individual member-

ship ballot at least once every five

checks by the accountancy bodies on company accounts. Disciplinary procedures are only invoked when

But according to one English in-stitute official, the accountants are Auditing is not affected by the Fi- now debating whether they should less, in a changing regulatory cli- of philosophy. This would be to mate, the question is being raised switch from the existing reactive atbodies - of which the English insti-tute is the largest - to become more have been effective enough in regu- approach.

South Africa - will concentrate on

Mr Sam McCluskie, assistan

Seamen's union leader to switch post

He argues in the letter that, on the basis of official figures, the Government had planned major cuts in education spending - by

Mr Straw maintains that, it the Government objective had been achieved expenditure per pupil would be now a per cent less in real terms than it turned out to be in 1985-86.

## **Opposition** steps up education campaign

By Our Political Editor

THE LABOUR PARTY is today intensifying its attack on the Government's education policy on the eve of the first major statement of views by Mr Ken-

of Commons and to open the sec cation Bill, both tomorrow.

More than 670 people, including 70 professors, have signed an advertisement appearing in the national press today expressing support for a Labour campaign for higher education and warning that cuts will "perpetuate economic decline and social divisions."

of a group organized by Mr Giles Radice, Labour's education spo-kesman, called Higher Educa-tion for the Labour Party, which he claims is attracting ' endented support from those professionally concerned with a prelude to a special Labou conference on higher education

in Birmingham this Friday. The Government is this morn ing also accused of "political schizophrenia" over the level of local authority spending on edu-cation by Mr Jack Straw, a La-bour environment spokesman, in

Mr Straw says an increase in spending per pupil in the past few years has only occurred because education authorities, many of which are Labour run,

3.8 per cent per pupil in real terms between 1980-81 and 1985-86 – but that local authorities had in the event risen by 7.9 per

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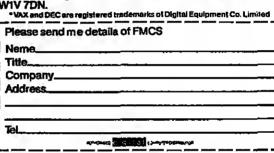
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CL chief ire stake

# BY DAVID THOMAS, LABOUR STAFF

## THE NATIONAL Union of Seamen is to create a special post for Mr Jim Slater, the union's general sec-retary, following an NUS conferhe will lose his present position -the first union leader to do so be-

ing compa

reject e proposal depriving him of a

the weekend, confirmed that Mr 1984 Act. Slater would lose his job after e decision by the union's conference to

when he retires.

years - but under union rules pro-hibiting candidates over 60 standenvironmental and international ing for general secretary, Mr Slater Industrial issues will be handled by the new general secretary, who will be elected by NUS members in In future, the NUS is to elect its a ballot to begin on July 21 and be

The NUS executive is to create the post of full-time president for Mr Slater, which will be abolished

top officials every five years - the

first union to do so because of the

general secretary, who has said he will stand, is the clear favourite. Mr McCluskie, who is also trea surer of the Labour Party, is iden-tified with the centre left of the la-Under the 1984 Trade Union Act, Mr Slater - recently identified bour movement. He is a class voting executive members must with campaigns against the dump-porter of Mr Neil Kinnock.

# Unfortunately the colour of this newspaper prevents us from showing you just how tickled we are.

For the first time in their history IBM have decided to present an international series of awards to the authorised microcomputer dealers in each country who have achieved the highest standards of technical expertise and service.

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Thank you IBM.

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# Opec in retreat still has power to shock forecasters

THE Organisation of Petroleum Exporting Countries' capacity in the 1970s to shock has not yet vanished. Economic forecasters in the first half of this year have suddenly had to take account not just of a slide in oil prices but of their precipitous collapse.

Last November, the Treasury was looking ahead to a UK was rooking anesat to a UK balance of payments current account surplus for 1986 of f4bn. By the time of the Chancellor's Financial Statement and Budget Report in March — published when the sharp decline io oil prices still hed some way to go—this had been revised down to £3.5bn.

Other analysts, publishing in December, were less bullish than the Government and, on average, foresaw a positive balance for this year of £2.5bn. City brokers, collectively more cautious still, pencilled in just

Walter Ellis looks at the latest predictions for the UK economy

the latest forecasts, the full extent of the discounting for oil has become apparent. The Financial Times average of 25 forecasts; including that of the Treasury, yields a current account surplus for 1986 of just £2.1bn, with brokers opting, on average, for £1.6bn.

Unfortunately for the Treasnry, the City's estimates for the year have so far been holding up best. The revised first quarter estimates on the balance of payments, published last week, show a surplus of £528m — down nearly £300m on the provisional figure.

The outlook for Britain's Now, following assessment of remained more stable. The

overall expectation is for 2.5 per cent growth this year — up

far as the short term is concerned, dynamic optimism institute continues to prevail: 1936 GDP per cent. Near un The Covernment and its officials do fall into line for

Different measures (as re-flected in the footnotes to the table) can, of course explain certain differences, but not all. A somewhat maverick view on GDP is taken by Liverpool University, which forecasts a rise of 3.5 per cent this year £4.9bn and £5,5bn).

Brokers Goldman Sachs per cent growth this year — up whose senior economists are from last December's forecast defectors from Simon & Coates average of 2.3 per cent — and the National Institute followed by a further 2.5 per both expect 1.9 per ceot growth this year, but whereas Goldman At the Treasury, at least as as the short term is concent next year, the National Institute can only manage 1.7

Near unanimity is expressed on UK inflation rates. The averages of the 1986 and 1987 next year, precisely matching the 2.5 per cent consensus, but do so on the annualisation of a first half projection.

a first half projection.

a first half projection.

averages of the 1986 and 1987 forecasts, based on the retail price index, are 3.3 per cent. The Treasury plumps for a rounded 3.5 per plumps for a rounded 3.5 per cent in each case; the City goes for 3.0 per cent and 3.9 per cent. Most agree that the downward trend of the last year will come under pressure in 1987 and beyond.

Forecasts of the rate of followed next year by 3.1 per unemployment also produce cent (Liverpool also sees uniformity. A static dole quene current account surpluses of of around 3.2m is the best guess of most economists for this

year, with perhaps a very small improvement in 1987.

No one is convinced that a reduction in the numbers out of work is likely to be a top priority for the Government as it heads towards the next general election.

Economists differ sharply from the Government on the question of the public sector borrowing requirement, although it must be pointed out that most of the independent analysis produced their forecasts after the Treasury estimates in March.

is that the PSBRs for this year and next will be around the £7bn mark, while the FT average and City consensus settle at closer to £7.5bn and £8.5bn. Several brokers expect a PSBR of above £9bn in 1987; the Henley Forecasting Centre leads the pack, with £10.9bn.

Official Government thinking

1986, but then seemingly losing its nerve for 1987. The forecast increases in exports for the two years of 5.0 per cent and 3.0 per cent respectively are illmatched by the FT everages of 2.9 per cent and 3.6 per cent.

Brokers illustrate this reversal of expectations even more clearly, seeing a rise in exports of 2.4 per cent this year and 3.8 per cent in 1987. Interest rates are notoriously difficult to get right. There is fairly widespread agreement, nevertheless, on three-month interbank rates in the fourth quarter of this year of between 9 per cent and 9.5 per cent and about 9 per cent for October-December, 1987. Sterling — another teaser for

- is given an avereconomists — is given an average index reference of just under 75.0 for this year and 72.0 for 1987. The Treasury steers clear of estimates for either

# **Guinness offshoot** managing director

Mr Brian Baldock bas been appointed managing director, G. W. Burnet, a senior partner GUINNESS DEVELOPMENT with Murray Beith & Murray. GROUP, with responsibility for who has been a director of LAS for 19 years. bealth and publishing. Mr Baldock was previously chairman and managing director, Imperial Retail and Leisure.

JOHN MOWLEM & CO has JOHN MOWLEM & CO has appointed Mr J. E. Douthwalte as airport director of Loodon City Airport. He is director of Southampton/Eastleigh Airport. London City Airport will provide facilities for commercial operators of Sbort Take Off and Landing (STOL) aircraft just six miles from the Bank of England. It is scheduled to open in antumn 1987, owned and nperated by a Mowlem Group company.

PANFIDA, Sydney, has appointed Mr Kenneth Vere Nicoll a director. The company is establishing operations in the UK, of which Mr Vere Nicoll will be chief executive. He was an executive director of Baring Brothers Halkerston & Partners.

Knight, who has retired as under-writer of Marine Syndicate 831/

Dr Brian Smith has joined the board of DAVY CORPORATION as a non-executive director. He is chairman of Metal Box, a director of Lister & Co, a member of the British Overseas Trade Bnard, and was a main board director of ICI from 1978 to 1985.

The Industry Secretary bas reappointed Colonel W. A. Dalziel as chairman of the GAS CONSUMERS' COUNCIL FOR SCOTLAND until the new Gas Consumers' Council is established under the proposed Gas Act. He has also been reappointed chairman of the Transport Users' Consultative com-Sir Robert Erskine-Hill has port Users' Consultative constepped down as chairman of the mittee for Scotland until June LIFE ASSOCIATION OF SCOT- 30 1988.

### **Privatisation post at National Bus Company**

until February this year was financial executive and special adviser to the chairman of

SOFTWARE SCIENCES has appointed Mr Nell Archbold as managing consultant for the insurance sector, in the financial services group. He joins from Linyd's, where he was market services development manager.

Mr Louden Greenless has joined BARING INTERNATIONAL INVESTMENT MANAGEMENT as finance director. He was previously with the Jardine, Matheson Group for 10 years in the Far East, London and the US.

Two appointments have been made to the REVIEW BOARD FOR GOVERNMENT CONTRACTS. Sir Max Williams has been appointed chairman from June 1, and Mr Derek J. Kingshury became a member of the board Sir Way succeeds Sir Value. board. Sir Max succeeds Sir Jehn

MANAGEME

The Secretary of State for Grenside, who is retiring; and Transport has appointed Mr Kingsbury, who has been Christopher Campbell a full-time executive member of the board of the NATIONAL BUS COM-PANY. Mr Campbell, who will Sir Max has been senior partner lead negotiations for the privatisation of NBC's sub-privatisation of NBC's sub-sidiarles, joined the Debenham Group in 1966 and from 1984 until February this year was

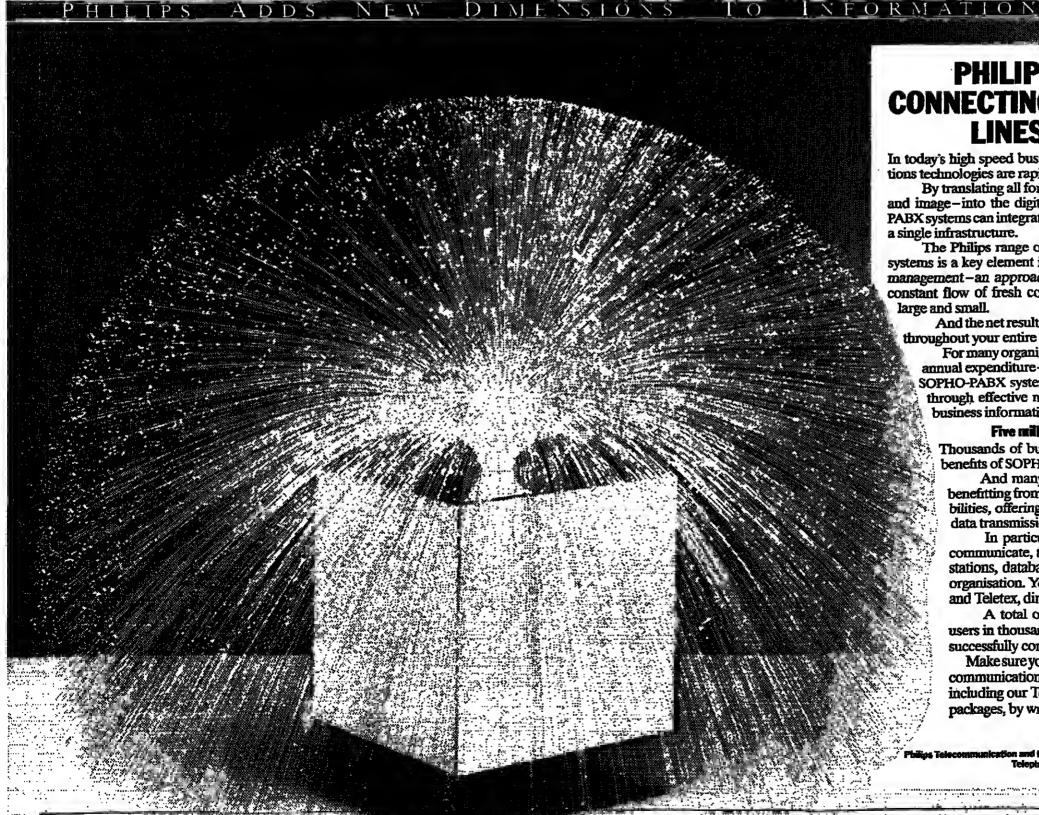
Four new partners have been appointed by RENSBURG of Liverpool, stockbrokers. Three of the partners—Mr Geoff Tym, Mr John Mulligan and Mr Ian Bakewell—will he based in Liverpool. Mr Simon Flather is based at the Liverpool. based at the Leeds office.

THE LONDON INVESTMENT TRUST ("LIT") has appointed Mr W. E. Robert Siebenmann as an executive director. Mr Siebenmann is also managing director of Bailey Shatkin, LIT's wholly-owned commodity, clear-ing and broking subsidiary in London.

Mr Michael J. Pavia bas been appointed group treasurer of LASMO with additional responsi-LASMO with additional responsa-bilities for group taxation. He was previously controller, having joined from Price Waterhouse in 1980. Mr Graeme A. Jamieson has been appointed controller, having previously been deputy controller.

### FORECASTS FOR THE UK ECONOMY

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Treasury GECB National Institute London Business School Confederation of British Industry	March May May Feb April	3.0 3.6 1.9 2.4 2.4	25 23 17 29 24	4.9 3.8 3.1 3.2 4.9	4.9 3.5 3.9 4.2 4.9	5.8 4.3 0.7 4.4 4.6	3.8 2.0 2.4 3.3 5.9	6.9 5.8 2.3 5.8	53 47 53 61	3.5 4.0 2.8 3.6 3.5	33 38 35 23 36	31 31 31	2.9 2.9 3.8	3.5 2.7 1.4 3.5	15 -05 -22 05 20	71	7.9 9.6 8.1	9.50 11.0	9.1	75.2 74.8	75.1 73.0
Combridge Econometrics Oxford Economic Forecasting Liverpaol University Sincisty of Business Economists Henley Centre Item Club	May May June May May April	21 24 35 20 22 22	21 22 31 25 22 17	35 37 36 42 38 35	2.8 3.3 3.8 3.6 2.1 4.9	3.2 2.2 3.1 3.7 3.4	2.2 4.1 3.6 3.8 2.5	5.3 3.7 4.2 4.5 5.9	3.8 5.9 5.8 3.4 8.4	3.9 3.4 3.8 3.2 3.7 3.6	3.4 4.1 2.8 3.8 4.8 2.2	32 32 31 32 32 31	3.2 3.1 3.6 3.3	1.9 1.7 4.9 1.6 3.7 3.7	-32 -12 55 8.0 2.1 -22	91 7.5 7.7 8.7 7.3	8.9 8.9 7.7 18.9 7.6	18.4 9.3 18.7 10.8	8.6 7.2 9.5 7.9	74.9 73.9 77.2 73.8 75.1	72.1 79.4 76.6 70.1 73.8
Stanitand Half Bata Resources Incorporated Philips and Drew Milland James Capel Hoare Govett	April April June May May June	28 23 21 25 20 32	2.9 2.3 2.3 2.9 1.7 3.1	3.0 3.0 3.1 3.2 3.7 3.2	3.8 2.9 3.0 3.2 3.6 4.3	4.1 2.6 1.6 2.6 1.2 3.9	3.9 3.8 2.5 3.6 2.4 5.3	3.4 3.2 3.0 4.9 6.3	5.5 5.2 3.3 5.9 6.5	33 4.0 33 33 3.0 1.8	3.8 4.8 4.7 1.9 3.6 3.7	32 31 32 31 32 32	3.2 3.6 3.6 3.6 3.2 3.2	2.0 0.3 3.1 0.8 2.2	-81 -17 32 -28	8.2 8.0 6.9 7.8 8.0	8.1 9.5 7.9 9.8	9.0 10.2 9.3 10.6 7.5	7.0 19.6 7.0 9.5	74.0 75.4 72.8	71.9 75.1 70.8
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Capel-Cure Myers Ruwe and Pitman Boldman Sachs Scrimgeour Vickers	May May Jone	2.4 2.0 1.9 2.6	2.6 1.8 3.1 2.1	3.6 3.5 3.5 4.1	3.2 2.4 3.6 3.4	3.0 1.5 2.6 1.7	3.0 2.2 3.2 3.6	5.0 3.1 3.9 3.0	4.5 3.0 4.6 6.9	3.7 3.5 1.8 2.4	3.9 4.5 3.7 4.5	32 33 32 32	32 32 3.0 3.4	2.5 1.8 1.8 1.6	1.5 0.8 0.5 -1.1	75 75 75 71	8.0 8.0 8.8 8.4	9.0 9.5 9.0 8.0	9.0 9.5 9.0 9.0	72.0 74.8 75.8 75.8	70.0 73.0 72.0 74.6
FT Average City Consensus	:	2.5 2.4	25 25	· 35	3.5 3.5	2.9 2.4	3.6	4.2 3.8	5.2 5.2	3.3 3.0	3.7 3.9	32 32	31 32	21	0.1 0.1	7.6 7.A	8.A 8.3	9.4 9.1	8.B 9.2	74.5 74.2	72.1 72.4



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June 9, 1986

around legal circles in Chancery Lane and the Temple is not confined to the legal

practitioner. Although the courts generally have shown some retrench-ment in recent months in the fast-developing field of public law, a decision of Mr Justice Hodgson last month, while this columnist was absent on a foreign mission, bas excited those who bave sought more powerful remedies against the Crown and its public servants.

It has always been assumed that it was impossible to obtain injunctive relief against the Crown and Crown servants. In Crown and Crown servants. In a sense that did not matter, because the courts were empowered to make declarations against the Crown or against ministers, which would invariably be treated by them as baving the effect of ordering them to refrain from doing something unlawful, or to do something that they were in law bound to do.

the status quo.

The inability of the time being what declare for the time being what it would determine finally citizen who seeks to atop ministers and civil servents in their ters and civil servents in their ters and civil servents in their ters. of logic triumphing over good sense and justice. The only way round this absurd piece of logic was to ask for a great of the injunction is ordinarily a local government officials and

the courts can now grant such as trespass or nuisance interim injunctions against the (such as the hippies wandering Crown and Crown servants in through private land in the the field of public law has no doubt sent shivers up the spines of governmental departments.

In the Instant case Mr Alex Herbage, who is awalting sur-render to the US authorities to face 25 charges of disbonesty before the criminal courts of

round this absurd piece of logic was to ask for a speedy trial, so that the declaration could be made in the near, instead of the distant future.

Mr Justice Hodgson's compeling reasons for holding that the distant future or committing a civil wrong the courts can now grant such as trespass or nuisance. south-west of England).

The court may also grant a mandatory injunction, requiring the wrongdoer to do a particular

An interlocutory injunction in the private sphere is an exceptional remedy; courts like

against ministers, which would invariably be treated by them as baving the effect of ordering them to refrain from doing something malawful, or to do something that they were in law bound to do.

But the unfortunate consequence of the law was that, while declaratory relief is an adequate substitute for the final injunction.

In other words, while the case was awaiting its turn in the case was awaiting its turn in the case was awaiting its turn in the court compelling ministers and others from carrying on as if nothing bad bappened.

In 1982 the Court of Appealibeled that as an order declaring the rights of the parties must, by its very nature, be a final order, it was not possible to obtain an order which corresponded to an interiom declaration which dld not determine the

THE RADICALISM that com- rights of the parties but which the power to make the order — Until very recently there has mentators detect is breezing was intended only to preserve to the consternation of the been in this country no separate the status quo. lawyers acting for the governor system of public law. The ordinary in the law to and the Home Secretary. nary law of the land applies and the Home Secretary.

The problem facing the to public bodies and administration of the land applies and administration of the land ap trative authorities, just as it does to the private citizen.

ally not available against the Crown and Crown servants. Three years ago, however, the House of Lords did create a separate system, to the point where it said that to bring public law cases before the ordinary courts was an abuse of the processes of the law t

of the processes of the law.t This challenge to a decision or action by a minister that he was acting beyond his legal powers could be brought only in the special court designated to deal with judicial review of administrative action. Although administrative action. Although the complainant was debarred from use of the civil process, he was not debarred from asking for injunctive relief in the specialist forum which was not

"civil" proceeding. Thus a big obstacle to providing the cltizen with a powerful remedy for the illegal and improper behaviour of minis-ters and their civil servants has been removed. The developbeen removed. The development of administrative law in England has taken one signifi-cant step forward in the process of providing the ordinary the bnreaucratic macbine.

\* R v. Secretary of State for

Home Affairs and another, exparte Herbage, May 19 1986, international General Electric Co. of New York Ltd v. Commissioners of Custom ond Ercise [1962] Ch. 784

Justinian

## Preserve TSB's character, say depositors

BY DAVID LASCELLES, BANKING CORRESPONDENT

A PLEA to preserve the Trustee Savings Bank's historic character is made today by depositors apposed to the plaoned flotation of the 176-year-old banking group.

A pamphlet prepared by the TSB Depositor Association of England and Wales, says the group's future "can only be settled when a new democratic structure for TSB has been secured in which the historic aims of the bank and the present interests of depositors replace the money-making purposes of those now in charge."

The association proposes that the Tish society, as it was meant to be."

The association has appealed to the House of Lords for a regretted "that Dr John to the House of Lords for a regretted "that Dr John to the Government. However, the Government. However, the TSB has offered to pay the legal expenses of the saction as well as of Scottish depositors, to settle the matter at the bighest level.

The association has appealed to the House of Lords for a regretted "that Dr John taken by the Government. However, the TSB has offered to pay the legal expenses of the bank and the present interests of depositors replace the money-making purposes of those now in charge."

The association has appealed to the House of Lords for a vuling that the TSB's assects belong to depositors rather than to the group, the position make the statement since he had offered to pay the legal expenses of the matter at the bighest level.

The association has appealed to the House of Lords for a vuling that the TSB's assects belong to depositors rather than to the group, the position make the Government. However, the TSB has offered to pay the legal expenses of the matter at the bighest level.

The association has appealed to the House of Lords for a vuling that the TSB's assects belong to depositors rather than to the group, the position make the forman, bad felt it necessary to make the statement since than to the group, the position make the sociation's chair.

The association has appealed to the House of Lords for a vuling that the TSB's assects belong to depositors, to



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# FINANCIAL TIMES SURVEY

Monday June 9 1986

# Corporate Communications

pire has, not surprisingly, encouraged others to try to ini-tate it, although so far with less success. But the "big is beautiful" appreach ploneered

VERY COMPANY or business organisation has an image of itself and what it does. Unfortunately, only rarely is this image effectively communicated to the people who matter—employees, customers, shareholders, civil servants and smoothers. vants and suppliers.

But there are signs that all this is changing, with com-panies—large and small—now prepared to spend approaching £5bn in total on all forms of communicating their message

Corporate communications have suddenly become the "flavour-of-the-month," to use the jargon of the communications business, as companies seek to fend off massive takeover bids, persuade local authorities to allow yast shopping centre developments, or ping centre developments, or soften the blow to employees whose jobs are being taken over

communications moreover was clearly illustrated by the Distil-lers takeover saga in recept months. In 1972 a Distillers spokesman was reported as saying: "Our brands are well-known and that's what counts. We don't care if nobody knows Distillers"

Distillers."
Successive generations of financial journalists discovered that the company meant just

Distillers found itself in need of friends when on the wrong end of a takeover bid from James Gulliver's Argyll Group. In the end the price of saving itself from Gulliver's clutches was to be taken over by Guin-

Why has so much recent

Companies are spending nearly £5bn a year on seeing that their point of view reaches specific targets.

These range from shareholders, when fending off takeover bids, to employees being urged to accept important policy changes

# Wooing that costs £5bn

By David Churchill, Consumer Affairs Correspondent

Companies have since found that more effective targeting of their messages actually works. New medis have appeared—such as breakfast television and new newspapers—to widen the the communication choices. At the same time developing sectors, such as high-tech industries, have needed to become better known.

"Every management has ambitions for its corporation and some sense of desired direction," says Mr John Martin, chief executive of the Welberk public relations consultancy.

"Corporate communications is concerned with influencing the way the corporation behaves and with communicating the positive benefits of this behaviour to clearly identified public andiences."

why has so much recent attention been focused on corporate communications? The recession was a key catalyst in. concentrating the corporate mind on the problem of reaching target groups. Customers needed to be wooed more than ever before and shareholders kept appraised of the company's efforts to ride out the recession.

Employees needed to be told that their jobs depended on their efforts as never before, while government had to be persuaded to use economic policy "They are also more likely to try a new product from a company they regard highly than from a faceless content of the con

to apply to a familiar company for a job, buy its abayes, helieve its propouncements, and world's largest corporate company feel they know the company interests in advertising, public well and have a high regard for relations, direct marketing, and the management consultancy.

MORI's research has also shown that pino times nut of 10 the better known a company is the more highly it is regarded. "That applies not only to the general public but also to institutional investors, brokers' analysts, City journalists, MPs of all parties, editors, final-year undergraduates, captains of industry, and all the other audiences that companies have identified as being impertant," Mr Worcester explains.

But communications today

But communications today are not confined to national boundaries. "In communication terms the world is getting ever more a village," says Mr Roger Heywood, chairman of e Norwick-based communications constituted. "Companies that expect to trade effectively in different countries have to remember that news is instant and recognises no barriers. An accident

As the global village has brank in terms of communica-

What is likely to emerge from such audits—or even their

less sophisticated versions? What do our publics think of us and how can we get our message across to them? These are the basic questions facing

Mr Martin, of Weibeck PR, points out that "in assessing its need for corporate communica-tions each management must examine its areas of strength

and weakness."
What, for example, is the industrial relations ontlook? What effects of new technology or pro-ductifications of site move, expansion or contraction, side-effects of new technology or production methods, or threats in-

There are at least six key target groups that companies need · Shareholders and the financial community: to communicate management and financial in-

formation, establish credibility. Retailers, wholesalers and others in the distribution chain: by Saatchig is not without its critics, who believe that the emphasis on the global may be running abead of the problems faced by many companies in improving their communications to engender confidence in the company's products, services, promotional support, and so on;
Consumers to encourage them to use the company's products and/or services and to communicate relevant information ebout the company;

improving their communications at a more basic level.

improving their communications ducts and/or services and to communicate informations? One growing cancept is and local government: in representations audit and local government: in representations which costing up to £25,000, can be a detailed analysis of who thinks what about a company and why,

Mr Reginald Watts, former chairman of Burson-Marsteller in the UK who now runs his relations;

own consultancy, believes thet the communication audit has become a much misused term.

the communication audit has become a much misused term. "Many consultants talk to e few press people, telephone an analyst or two, and then interview the board of directors of the client, culling the best quotes and calling the whole thing a communications audit." these target groups, but it can sometimes be the most expensive and least effective medium. Basically, the broader the

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of clear methodologies and disciplines that give cliepts all they need to gain competitive advantage in the market."

	Name of consultancy	Fee income (£'000)	Fee Income June 1985	Fee income change (%)	12-month accounting period end			Change in stati (% i
(1)	Good Relations Group	5,700	5,100	+11.7	31.12.85	154	153	+ 0.65
(2)	Charles Barker Group	5,650	4,551	+24.1	31.12.85	168	166	+ 5.0
(4)	Burson-Marsteller Group	4,323	2,848	+51.8	81.12.85	149	132	+12.8
(3)	Shandwick Group	8,791	2,900	+27.6	31.12.85	112	86	+30.2
(5)	Dewe Rogerson Group	2,735	2,114	+ 29.3	21.12.85	120	108	+11.1
(7)	Hill and Knowlton Group	2,369	L,784	+32.8	31.12.85	90	84	+ 7.1
(17)	Communications Strategy	2,278	1,121	+103.2	31.12.85	75	52	+41.2
(8)	Daniel J. Edelman	2,202	1,610	+36.8	31,12.85	82	60	+36.6
(10)	Carl Byoir and Associates	1,799	1,400	+28.5	31.12.85	65	65	0.0
(12)	Riss Lancaster	L,665	1,325	+25.7	31.12.85	64	56	+ 14.3
(8)	Kingsway Group	1,650	1,460	+ 13.0	31.12.85	66	60	+10.0
(16)	Granard Communications	1,612	L,146	+40.7	31,12.85	60	56	+ 7.1
(6)	Weibeck PR	L,5 <b>50</b>	1,895	-18.2	31.12.85	62	58	+ 6.9
(27)	City and Commercial Communication	1,482	790	+ 37.6	31.12.85	55	44	+35.0
(29)	Valin Pollen	1,473	1,080	+36.4	30.9.85	134	120	+11.6
(11)	Harrison Cowley Group	1,464	1,400	+ 4.5	31,12,85	83	60	+38.3
(13)	The Extel Consultancy	1,444	1,260	+14.6	31.12.85	40	40	0.0
(18)	Streets Financial	1,400	1,100	+27.3	31.12,85	43	52	-17.3
(15)	Leslie Bishop Group	I,320	1,200	+10.0	21.12.85	52	49	+ 6.1
(14)	Countrywide Communications	1,200	1,250	+ 4.0	31.12.85	55	53	+ 3.7
֡֡֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜	(2) (4) (2) (5) (7) (17) (8) (10) (12) (12) (16) (27) (29) (11) (13) (18) (15)	(1) Good Relations Group (2) Charles Barker Group (4) Burson-Marsteller Group (5) Dewe Rogerson Group (7) Hill and Knowlton Group (17) Communications Strategy (8) Daniel J. Edelman (10) Carl Byoir and Associates (12) Biss Lancaster (3) Kingsway Group (16) Granard Communications (6) Welbeck PR (27) City and Commercial Communication (29) Valin Follen (11) Harrison Cowley Group (13) The Extel Consultancy (18) Streets Financial (15) Lestie Bishop Group	Name of consultancy	Name of consultancy	Name of consultancy   Fee Income charge   In	Name of consultancy   Fee factors   Income   I	Name of consultancy	Name of consultancy   Fee Income   In

reeching them.

campaigns favoured by large companies have been the least effective, "Once the very expensive television commercials come to an end most people forget the slogans," be

to help recruitment and staff relations; ensuitancy relations;

Employees: to help to creete loyalty and commitment among the workforce,
Advertising, in the press and on television, is by far the most widely used means of communicating messages to these target groups, but it can surprise.

Thought relations consultancy into the some constitution in the means, including greater emphasis on good design—ranging from letterbeads to shop-fronts—and direct marketing by letter or telephone.

But as the means of communicating their corporate extept, has taken them by these target groups, but it can

A problem that has emerged recently, however, is thet in-sufficient staff can be recruited

professional standards have But, as Mr Watts points out, begun to slip. Some large consome corporate advertising sultancies, moreover, are findspent in trying to sort out their nwn management prob-lems than on communicating on behalf of their clients.

Apart from advertising and PR, the corporate message is

panies should not lose sight of the fact that it is the message

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# More groups ready to seek flotation

consultancy business - at the oriented companies, for exsharp end of corporate communications — appears extremely buoyant at present.

More than £540m was spent last year by companies on all aspecta of public relations activity and the demand from companies seeking to improve their communications through the use of specialist PR advisers ls as yet showing no real sign of decline.

Ralations Consultants Associa-tion, the main trade body for consultancies, show that its 113 members reported a 22 per cent increase in fee income last year to top £50m for the first time. Other sources suggest that tha total fee income for all consult-ancies last year, including the bundreds of smaller consult-ancies, may have reached

Such growth bas prompted a number of leading consultancies to capitalise on this demand by seeking a public quotation, either on the full stock exchange or on the Unlisted Securities Market, In addition, there have been some mergers between consultancies seeking to create larger communications

What bas been behind this growth? The key factor was the recession of the early 1980s when many companies cut back on their advertising expendi-ture but, instead, spend more on below-the-line public rela-

PR consultancies were as surprised as anyone by this turn of events, since in previous recessions both advertising and PR expenditure bad been cut back. But marketing executives in major companies learnt from that experience that it was harder to win back brand share after a recession and much easier to try to minimise lost sbare during a recession, PR was turned to as a more

PR was turned to as a more

ample, was a new source of business for consultancies to use traditional PR techniques to explain the complexities of bigh-tech to a lay audience.

The booming stock market after the recession—allied to the spate of new issues and takeover activity—gave a fresh impetus to financial and corporate public relations. The forthcoming "Big Bang", the des as yet showing no real sign ing "Big Bang"—the defigures from the Public 
kalations Consultants Associaion, the main trade body for 
onsultancies, show that its 113

the City.

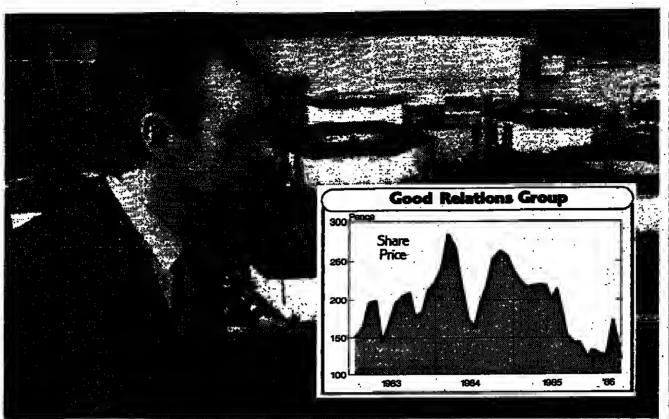
Another factor boosting consultancy growth bas been the emergence of new media oppor-tunities—such as breakfast television and new newspapers and the move by consultancies gets within the media.

As a result of this surge in demand there has been, not surprisingly, a restructuring of the sector in recent years.

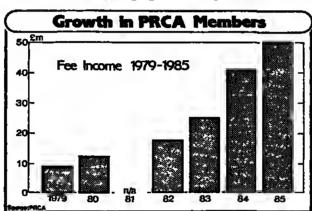
The key trends bave been for larger consultancies to grow through acquisition of small to medium-sized consultancies and, increasingly, to seek public company status to belp finance such deals. In addition, some consultancies bave decided that linking up with an advertising agency is the best course to stay in the major league.
Good Relations, the largest

Good Relations, the largest PR consultancy, was the first to go public—joining the USM in 1981 and the full stock exchange in 1983. Valin Pollen followed on the USM last year and achieved a full listing only in April this year—shortly because of the consultance of the consultanc fore it attempted an abortive merger with Good Relations, Last December, saw Chetwynd Streets join the full market, shortly after the Shandwick Group had joined the USM. Addison Page (which as Addison Communications had joined the USM in 1984) last month merged with Chetwynd

Streets.



Anthony Good, chairman of the Good Relations Group, the largest PR consultancy, was the first to go public. It joined the USM in 1981 and the full stock exchange in 1983



sbortly are likely to be the Lopex Group and Communica-tions Strategy while a number other medium-sized consul-ncies—such as City and Comtancies

flotation bandwagon.

Some of those that might have gone to market have al-ready been snapped up by advertsing agencies. Earlier this year Saatchi and Saatchi bought three UK PR consultancies—Kingsway, Granard and GRC Financial—while the Wight Coltraditional consumer markets.

At the same time, however, to be the oldest financial adher areas requiring community certising company, was floated the fast-growing Bis, Lahcaster cation skills were opening up.

Solvets.

Charles Barker, which claims ins Rutherford Scott advertishing agency last year acquired bas two top UR bas two top UR cation skills were opening up.

Other consultancies which might bave found their own way to market have been bought by those already with a public quo-tation—the most recent example

being Shandwick's acquisition of the Leslle Blshop Group. Among the major consultan-Among the major consultancies, moreover, there are a number already part of major US groups. Burson-Marsteller, for example, is owned by the US advertising agency Young and Rubicam, while Hill and Knowlton is part of the J. Walter Thompson advertising group. Foote, Cone and Belding bas two top UK PR consultancies in Welbeck and Carl Vyoir

How long they will be able to avoid either the clutches of either an unwanted takeover or the lure of a share flotation remains to be seen. There is a clear trend towards the idea of "big is beautiful" among PR consultancies as there is among advertising agencies — as evidenced by Saatchi and Saatchi's rise to become the world's leading communications

consultancy within a decade.

Mr Steve Smith, joint chairman of the new Addison Page Chetwynd Streets combine, believes that "in a few years' time there will only be three or the global consultance, grants. four global consultancy groups—and we want to be one of

But the PR world of tha late 1980s is not solely in the hands of ever-growing consultancies. Although a group such as Charles Barker now employs more than 700 staff, the great majority of PR consultancies employ only a bandful.

As consultancies grow in size,

many are finding that the prob-lems of motivating and managing their employees is a very different business to the skills required for a successful PR campaign. The larger consul-

Still independent among tha tancies are under some criticism top 10 consultancies are two from clients and others that they companies which have so far are baving to devote so much firmly eschewed public company status—Dewe Rogerson and Daniel J. Edelman. they sometimes forget the they sometimes forget client's needs.

In addition, the difficulty of attracting and keeping effective PR consultants is a major source of worry. Many observers of the of worry. Many observers of the consultancy scene believe that standards of PR executives are actually falling, largely as a result of too much demand chasing too few good people.

"Just when there seems a real change of hypring the

real chance of burying the O'Booze image of PR backdom and securing the giddy goal of being judged an essential discipline, too many practitioners appear to be cutting corners, settling for superficial solutions to current needs, and setting the scene for an erosion of stan-dards," Mr Frank Barnard, chairman of the Extele Con-sultancy asserted recently, When Mr Barnard made these

when Mr Barnard made these comments be came in for criticism from some other consultancy chiefs for "letting the side down" and for "washing the industry's dirty linen in public." Such reactions suggest that the PR industry still bas some way to go before it bas tbe confidence in itself to ba

#### Design

# Reality must match promise

EVERY COMPANY has a those who doubted its import-corporate identity, whether or ance at the beginning now not it bas ever employed a realise this."

The physical cues to a company's personality, from the lettering on literature, premises and product, to office leyout and cusiomer service, are teli-tale signs of its attitude to business. And, as designers never tire of reminding us, corporate identity goes deeper than a pretty set of new clothes in working to a company's best advantage.

This is wby design consul-tancies insist on lengthy research before ever picking up a pencil. It is vital to under-stand what makes a company stand what makes a company tick, to absorb its culture and know its strategy, its positioning, its goals, before a valid brief can be drawn up. Identity does not come cheap, nor is it transient—unlike most advertising campaigns. It can outlive its makers. So it pays to do the homework

"We wouldn't start designing for about six to nine months after the day of appointment." after the day of appointment, says Tom Caplin, of Allied international Designers, one of the country's leading design group (Allied has worked on identities for Tootal Group, Lyons-Tetley, Standard Chartered Bank, Help the Aged and TSB, among others). "We like to talk to all levels of

management, and right down to the cleaners sometimes. The chief executive can give you maybe 90 per cent of the story. but the other 10 per cent comes from other people." As companies increasingly valua a strong corporate identity, there is growing emphasis on evaluation of what

is usually a six-figure investment. "It is all about W.I.F.M."

Schreiber updated its pro-duct range and then (courtesy of Lloyd Northover) revised its image, and is on record as say, ing that its turnover rose as much as sixfold in some stores after the change.

after the change.

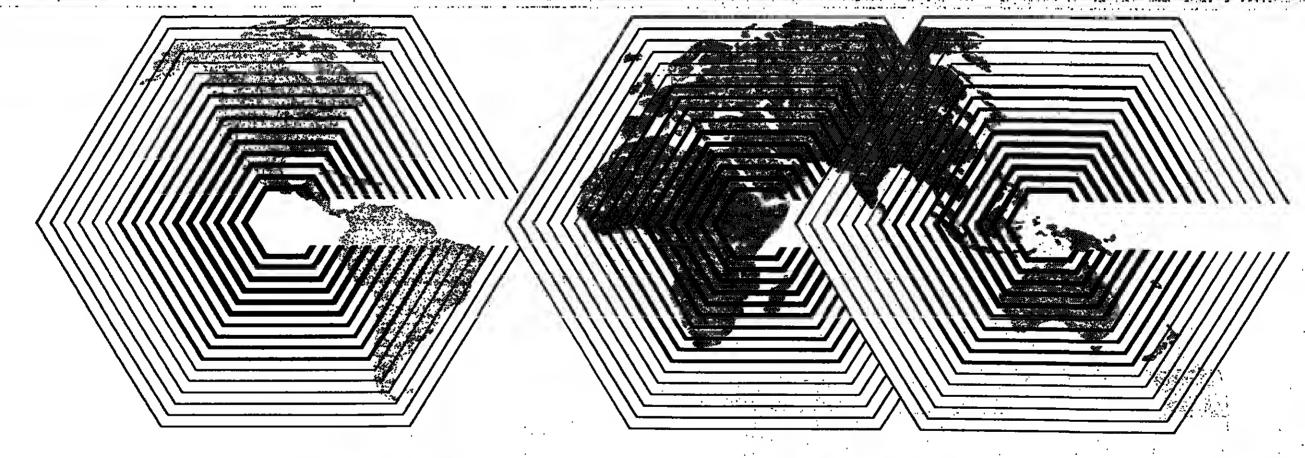
In cases of company mergers, sensitive handling of the identity can facilitate the union, ensuring that both parties are equally represented. Lyons-Tetley and Leicester Alliance showed how.

A change of identity is a way of aignalling such changes within a company as diversification, reorganisation, or expansion abroad; and the degree of one must be balanced by the

one must be balanced by

If the reality does not live np to the promise (the same is true in advertising), the whole identity exercisa is a waste of effort. No amount of fina livery or appealing ambiance will tempt the customer hack if the mythem. mer back if the production service is a let-down. Big Bang in the City, just four months away, with its structural changes in the financial-services sector, is send ing a stream of companies in search of new identities, Wolff Olins, one of the country's top corporate design consultan-cies, reports that, in the past three years, the financial service sector has become its single

most important source of most important source of new business. The consultance has handled identity for P. 3.0. Renault and Midland Bank among others, and is currently working on a revamp for the Prudential Corporation, signalling its diversification into unit trusts, estate agency and mort-



# corporate communications

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Broadly speaking, the targets

of corporate advertising can be

divided into five groups. Business (that is, customers, suppliers and distributors, asso-

ciated companies); Government

(local, national and inter-national); the Public (medie, pressure groups, the general public), Internal (employees and potential staff, unions) and

Financial (shareholders, stock-brokers and banks).

Corporate advertisements are not easy to do wall. "It's very important to get the tone right," says Ray Dafter, central director, public and overseas relations of the Electricity Council which has recently launched its "Electricity for Life" campaign. "Get it wrong and the property of the company of the property of the company of the property of the company of the property of the

Since one of the first objectives of the campaign (as well as to back customer decision-making) was to boost staff morale (which in turn influences service) Mr Dafter first undertook uddasvered

first undertook widespread research into the company image. Staff were involved throughout the making of the

advertisements, criticising and approving. Such caution seems to have paid off. Already there

are signs of positive reaction from staff. The Prudentiel Corporation, as it approaches

its first ever corporate cam-paign, has briefed its agency to undertake research three so

four months before emberking

on any strategic thinking. Mr David Bernstein, in his

excellent book, Company Image and Reality, gives some pointers to the craft of writing corporate messages. "Corporate advertise-

Corporate advertisements are

# r must

Monday June 4

THE "BIG BANG" in the

THE "BIG BANG" in the City — which is what the deregulation of financial services this autumn is now being called — is the latest spur to further growth in the financial communications field.

Already financial communications has become the fastest-growing sector of public relations. Apart from the Hig Bang, the sale of State assets, new issues, and mega-takeover bids have created unrivalled demands for the skills of financial communicators.

Even the possibility of 2 "bear" stock market in the next few years has done little

next few years has done little to dampen the growth of the

In the City, moreover, public relations effort appears to offer greater rewards them pure advertising. "A company, per-ticularly one whose shares are quoted, needs to maintain a quoted, needs to maintain a continuing dialogue with the business press and with the institutional shareholders who may well ywn half of the company between them, "says Mr Roddy Dewe, chairman of Dewe Rogerson, one of the well-established City consultancies.

"Companies which do not undertake these activities find themselves short of friends in themselves short of friends in a crisis — for example, an unwanted takeover bid — or short of support in major business decisions when making an unwelcome bid for someone else," he aids.

The growth of financial communications has also spurred the activities of some consultanthe activities of some consultancies in seeking a public quotation. The Charles Barker Group, for example, is one of the leading financial advertising and PR groups which came to market last month.

"Deregulation in the City will create more emportunities."

will create more opportunities for consultants," says Mr Antony Snow, chairman of the Charles Barker Group. "Not necessarily competing with the hroker, consultancies will be in a strong position to advise analysts and brokers, as well as investors communicating."

Moreover, the demand for financial skills is leading to some realignments among consultancies. "Recently, and particularly during the past year, there has been a polarisation among communications companies," suggests Mr Tony Knox, chief executive of Streets Financial Communications, part of the new Addison Page Chetwynd Streets combine.

He believes that three main types of financial consultancy

North Mark



Left to right: Antony Snow, chairman and chief executive; Stephen Gibbs, deputy chairman; John Page, director of finance; Paddy Marray, director of Charles Barker pic. The growth of financial communications acted as a spor to come to market

Financial Services

# Big Bang yields rich harvest

growth.

Financial PR consultancies have come a long way in the past five years or so, even though the sector is still relatively small.

Financial PR was born

Financial PR was born largely out of the financial and to whom they should be sent; organising regular brief consultancies still have major links with advertising agencies specialising in finance, but it was staffed in the early days by what one consultancy director rather cruelly describes as "financial advertising no-ments." financial advertising no-

Certainly, in those early days financial PR consultancies were

PR companies which, belatedly performance. This makes it want to join in on the sector's easier to make and defend bids.

or to raise money on the stock market. Consultancies help com-panies to attain market recognition in a number of ways: advising on the form and presentation of financial results and to whom they should be

the growth in financial commu-nications? The recession that hit the UK late in 1979 encourviewed with circumspection not hit the UK late in 1979 encour-only by the clients they sought aged companies to make greater but also by the press. Indeed, use of PR consultancies as a types of financial consultancy of the press. Indeed, the consultancies as a mand, a more structured the suspicions linger on even more cost-effective means of approach. In particular, financial concerns like Streets which activity in this sector is to for companies needing broadly-based services; and price accurately reflects. The suspicions linger on even more cost-effective means of approach. In particular, financial to the suspicions linger on even more cost-effective means of approach. In particular, financial to the suspicions linger on even more cost-effective means of approach. In particular, financial to the suspicions linger on even more cost-effective means of approach. In particular, financial to the suspicions linger on even more cost-effective means of approach. In particular, financial to the suspicions linger on even more cost-effective means of approach. In particular, financial to the suspicions are aware of the utility in this sector is to for companies anxious to permeter that a client's share suspicions are aware of the need to communicate as suspicions linger on even more cost-effective means of approach. In particular, financial to the suspicions linger on even more cost-effective means of approach. In particular, financial to the suspicions are aware of the need to communicate as suspicions linger on even more cost-effective means of approach. In particular, financial to the suspicions linger on even more cost-effective means of approach. In particular, financial to the suspicions linger on even more cost-effective means of approach. In particular, financial to the suspicions linger on even more cost-effective means of approach. In particular, financial to the suspicions linger on even more cost-effective means of approach. In particular, financial to the suspicions linger on even more cost-effective means of approach. In particular, financial to the suspicions linger on even more cost-effective means of approach in the suspicions linger on even more cost-effective means of approach in th

This makes it business. Some City analysts and defend bids also suggest that the growth of financial PR in the early 1980s belped to keep the bull market going in spite of the severity of the recession-

Equally, once the worst effects of the recession were over, so financial PR was able over, so mancial PR was able to keep the key target groops informed about bow the re-covery was developing. The impact of recession and recovery, moreover, has also "quite dramatically changed the pattern of business behaviour in this country," says. Mr Richard Sermon, chief executive of Shandwick Consul-What are the key reasons for

He helieves that companies are now more willing to look at their communications and de-mand a more structured

from multi-national companies entering the UK market and therefore needing to develop their financial presence. These companies, moreover, have imported the relatively new concept of investor relations-

a record number of new companies seeking a share quota-tion. The consequence is that most, if not all, of these com-panies have sought to smooth their path (not always successfully) hy employing financial PR consultancies to strengthen the potential demand for the company's shares.

At the time of going public

whether with a full quotation
or on the USM—a company is
exposed to the sharpest possible
Press, public and City scrutiny. Although no flotation pro-gramme can gloss over medi-ocre results or the company's financial prospects, well-planned PR can ensure that the financial media and City audiences are fully up-to-date on perform-ance, progress and outlook. Since Mrs Thatcher came to

Since Mrs Thatcher came to power in 1979 one of her main aims bas been to transfer Stete assets back to private ownership via the stock market—an objective which has been greeted with enthusiasm by City institutions and financial PR consultancies.

The success of the British Talecom share fortetion has

Telecom share flotation has, some City analysts believe, created the right public awareness of the potential of share ownership among many more people than ever before. The forthcoming British Gas flota-tion is expected to need an even more extensive PR campaign—
given the complexity and
variety of the assets involved—
which will be handled by Dewe Rogerson after their BT suc-

But it is in the big take-over battles of the past year or so that financial PR has come no that mancial PR has come into its own. PR advisers, once kept outside the decision-making process, now plan an integral role in a takeover defence or attack; and reputations can be won or lost on the out-

In the current takeover struggle over Woolworth's, Dixons is advised by Shandwick. Woolworth's, which is fiercely resisting the Dixons bid, is edvised by three consultancies; Dewe Rogerson, Paragon Communications, and Biss, Lancas-

It remains to be seen, how-ever, whether three consultan-cies are better than one in such a takeover hattle.

David Churchill

Advertising

# Voice for the company

concept of investor relations—
PR specifically directed at shareholders.
A decade of the bull market OPEN THE pages of any McGraw-Hill Magazines press diminishing national newspaper or switch advertisement Fifties it between fin advertisement of the unlisted national newspaper or switch advertisement Fifties it between fin the advertisement of the unlisted national newspaper or switch national newspaper or switch national newspaper or switch national newspaper national new strongly represented. Companies ere raising their voices, many for the first time, in a deter-mined bid to be understood, admired and valued commercial

citizens. From British Gas, to the Prudential Corporation (its first corporate campaign is imminent), Price Waternouse to

While individual aims may vary from company to company, the ultimate aim of corporate edvertising is a singular one. "To put a halo round the company reputation," is how Mr David Ogilvy puts it. An American lawyer is said to have defined it thus: "It is a hybrid creature desired to use the creature, designed to use the means of paid advertising to accomplish the goals of public relations." Anyway, it is the means for a company to have its say within the rules of bonesty, decency, truthfulness and legality, and importantly in the order it chooses to say it.

As such, corporate advertising is a form of protection, an insurance policy, that works among a company's many influential sudiences (from shareholders and employees, to legislators and bankers) to legislators and bankers) to creete a safety net against being misunderstood, undervalued or ignored. While no one would suggest it was an easy cure-all for papering over corporation cracks—it is not even easy to do well—it works to shore up public goodwill so should e company hit troubled times, it has a bead start over the company that has never bothered to explain itself.

explain itself. It falls to the chief executive, in the main, to handle corporate advertising, and though learning fast, he is not always the first to recognise its value. The fact that it is hard to evaluate and that it derands a least-term

and that it demands a long-term commitment—opinions are not turned round in days or even months—have not belped to convince the sceptics of its effectiveness.

This is changing fast. Recent experience in the takeover market bas helped convince doubters that maybe they cannot afford the risk of going without a comparate expension.

without a corporate campaign. to r
Anyone who doubts the the
efficacy of corporate messages cosin
might consider the famous for

it between financial sectors, the executive who asks: "I don't efficiently is pressing.

know who you are. I don't know The professions are learning your company. I don't know bow to do this after deregu-your companies' product. I don't lation of their advertising know what your company stands rules. Accountants appear to be know what your company stands for. I don't know your com-pany's customers. I don't know grasping the nettle, though solicitors have a long way to your company's product. I don't know your company's reputa-

corporate campany.

General Motors, Dollond and Aitchison, to the Electricity Council, corporate messages are a growth market.

While individual aims may in the corporate banks and huilding societies have shown consistent commitment to consistent commitment to consistent commitment to remain the corporate banks and a mong banks."

"the action bank" and a mong banks?" thoroughbred among banks?"
Before them, the oil companies knew well the dividends reaped by keeping the public informed.
They handled a messy product which carried a pollution risk, involved an unsightly production process and had a premium price tag (as customers

mium price tag (as customers saw it). Which is why Shell, RP, Esso, Mobil and the rest have kept np a constant public informetion programme. The reason for much of the current vigour in the corporate

advertising field owes a great deal to the predatory financial climate of the past year or so which has seen a record number of takeover battles. No com-pany, however fat and sleek, can now afford to sit back and ignore its image, internally or

externally.

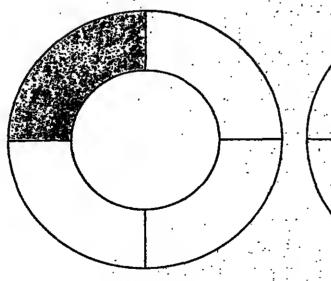
Would the outcry against General Motors' prospective links with British Leyland have been received with such hostility, ask industry observers, if the American company had spelt out its intentions and good citizenship, tong ago in a corporate campaign?

A significant factor in the wave of corporate activity is the move among nationalised indostries towards wider-share ownership. In the wake of the successful British Telecom flotation, British Airways, British Aerospace, British Airports
Authority and British Gas are
alreedy lining up their corporate messages. "Reader interest is allegedly 35 per cent below the norm for all edvertising. The advertisement has to look interesting and hold interest."

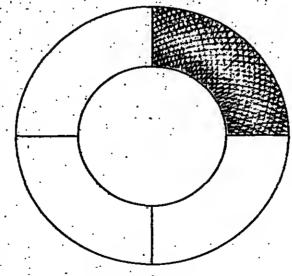
with Big Bang just four months away, the financial sector in London is under pressure to sharpen its marketing knowhow. No longer able to rely, after deregulation of the Stock Exchange, on the cosiness of the old boy network for contacts and facing Feona McEwan

Feona McEwan

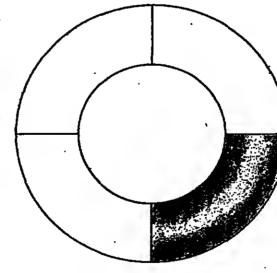
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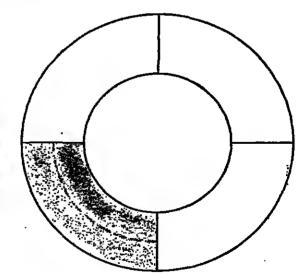
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# Identifying the target

until relatively recently, been the most active part of corporate

While reaching customers and persuading them to buy the products of fast-moving consumer goods manufacturers has long been the main role played by advertising and public rela-tions agencies, such work has been eclipsed by the rise of other fast-growing objectives as bigh-tech, lobbying, and financial communications.

Now, however, the increasing sophistication of PR consultancies enables them to offer new methods of enhancing traditional consumer advertising with techniques aimed at boosting sales or changing consumers

In one sense, the modern consumer is spoilt for choice, with new products and retail ideas emerging all the time. So on what basis is the decision made to choose one particular product or service over another. product or service over another?

Ms Janet Salvoni, e director of Paragon Communications which last year won awards for its consumer marketing, believes that the crucial target is con-sumer attitudes.

"Public relations as a func-tion of marketing support is the one discipline fundamentally concerned with influencing attitudes," she says. "A beavy-weight multi-media advertising campaign will undoubtedly raise brand awareness and a creative sales promotions scheme will ensure impact at the point of

"Ultimately, however, neither will win the customer over if his perceptions of the company or product in question are

Ms Salvoni adds that for smaller concerns, and particularly when they ere competing for e market share against major advertisers, compeny image and consumers' attitudes image and consumers' attitudes will often represent the sbarpest weapons in their armoury. Paragon was asked by British Telecon's consumer products division to devise a PR campaign which would encourage people to purchase additional extension phones for their bomes. The marketing problem was summed-up in the fact that was summed-up in the fact that some 80 per cent of homes al-ready had one phone, so why should they want more?

should they want more?

The strategy for obtaining media coverage was based on e nationwide Gallup Poll, commissioned by Paragon, which looked at disaster stories invoiving "wrong moment calls."

"Not surprisingly, news editors were keep to Tun stories. nationwide Gallup Poll, commun excitement and interest Roowlton's strategy was to promote the beauty of the island's not surprisingly, news editors were keeo to run stories detailing the number of bousewives seen by their window-cleaners es they ran naked from the bath to the phone in mun excitement and interest Roowlton's strategy was to promote the start natural assets—mountains and certain forest—as attractions different from the usual sand and surf. Hill and Knowlton's programme for St Lucia embraced a number of techniques, including a new corporate identity

Paragon Communications commissioned outsits designed by Anthony Price to reflect a fashionable image of the British Telecom Inphone Plastic Collection

Welbeck claims that the PR

St Lucia bad no advertising

per cent share of the market.

"somewhere in Spain."

the ball," says Ms Salvoni. "Or the man who broke a leg fall-ing over the garden bose as be dashed indoors to answer the To create visual impact at the

The serious undertone to each news report, bowever, was each news report, however, was
that the more telephones
strategically placed around the
bouse, plus cordless ones for
the garden or garage, would
have prevented many of these
disasters or embarrassments.
Welbeck, another consultancy

webseck, another coustainty
with extensive experience in
consumer PR, wes given the
task by its client — ICI's Dulux
paint brand — to support the
launch of Dulux Solid Emulsion.
The paints markets has been The paints markets has been relatively static and is fiercely competitive, but tha new paint was intended to carve out an 11 per cent share of the bril-

liant white emulsion market during its first year.

The principal PR objective was to "provide a launch platform which generated maximum excitement and interest for the widest possible potential."

theme when communicating with its various audiences.

Other techniques included extensive Press contacts, competitions, making a documentary film for showing in cinemas, and keeping the travel trade informed of developments.

As a result, St Lucia has emerged as the most popular Caribbean resort among British tourists as well as being one of the most attractive long-haul boliday destinations.

The objective facing the

The objective facing the Daniel J. Edelman consultancy was to make consumers aware of the changes that had taken place in the Wimpy fast-food chain in recent years after United Biscuits, the parent company, had started to revamp the business in the early 1980s. A substantial investment pro-

A substantial investment pro-gramme had seen nearly 90 counter - service restaurants built, at a cost of £500,000 each, as the new Wimpy seeks to rid itself the "greasy spoon" image of the 1970s. Edelman decided to move

Wimpy from its former defen-sive attitude towards consumers and the media towards a more positive attitude to promote the company's many changes and benefits.

Each opening was given news

Each opening was given news value to attract media ettention, while support activity with a local project or charity ensured follow-up publicity with tha message that a Wimpy was not only fun but good for the neighbourhood.

In Liverpool, for example, an elephant parade celebrated the To create visual impact at the launch, a photocall session, featuring glamorous débutantes in ballgowns, was organised to opening of a restaurant owned under franchise by an Indian businessman. In Basingstoke, two schoolchildren bacame VIPs for the day, arriving in a demonstrate the paint and show that it did not splash. Follow-up techniques included editorial competitions in regional news-Rolls-Royce to open the town's

new Wimpy.

Both events attracted media coverage. So did fund-raising, which led to the Kr Wimpy character presenting giant cheques to local organisations.

Wimpy beligner that the

campaign was a total success, provoking much interest and helping Dulux to achieve a 14 Wimpy believes that the message of its success and the company's care and concern for people is now reaching large But consumer communications can also apply to more glamorous andiences through increased subjects than paint. When Hill and Knowlton won tha St Lucia tourism account five years ago, the place was almost unbeard of and thought to be media coverage both nationally and regionally.

This variety and flexibility of techniques in reaching different consumer groups is, says Ms Salvoni of Paragon Communica-

tions, one of the strengths of consumer PR. "Whatever form it takes. budget for the UK, so its marketing programme bad to rely heavily on PR. Hill and Knowlton's strategy was to probowever, a cobesive strategic approach to consumer public relations will deliver very real benefits in terms of developing, sustaining or even changing completely consumer attitudes which ultimately determine success or failure in the market

David Churchill

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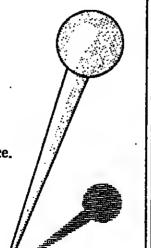
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Step-by-step guide

HOW, exactly, does a company of opinion-leader research—determine what type of corporate image it has and what company—and call that a company—and cal That is the key question facing more and more companies which recognise the need for Improved corporate communica-tions but do not know bow to

go about achieving their de-sired aims with various target A new concept is now emerga new concept is now emerg-ing among public relations con-sultancies, and it is a far cry from the "gin and tonic" Image of only a few short years ago. This is the so-called communi-cations audit of a company's PR

needs and problems. Unfortunately, like many new usiness ideas and 'buzz business ideas and "buzz words." communications audits sultancies as the latest craze-

often without any of the in-depth knowledge needed to make them work. "Many consultants talk to a bandful of press people, tele-phone an analyst or two and then interview the clients' board of directors, culling the best quotes before calling the whole thing a communications audit." asserts Mr Reginald Watts, formar chairman of Butson-Marsteller in the UK; he now runs his own consul-tancy, Reginald Wetts Asso-

Equally, he adds, "other consultants go out, do a piece

of opinion-leader research—
often using a market research
company—and call that a communications audit." Mr Watts
says that "this type of sloppy
terminology debases the currency, disappoints the client,
and destroys our credibility."

The type of audit carried out

by Mr Watts, who is the acknowledged industry "guru" on this subject, and his col-leagues is a highly technical exercise, often costing up to £25,000 for e full corporate 'positioning' eudit.

Interviews with target groups are carried out against an agreed list of topics by PR professionals who apply subjective judgments at each stage. The replies are analysed to assess where recurring phrases and words are used about the com-

A technique called the "Preferred Strategy Plan" is then used. Four or five different positioning strategies are developed, based on an assess ment of responses. coverage, public speeches by material, and market research.
These strategies against the corporate person-ality and internal culture of the company compared with the external perceptions and its competitive strategy.

"Such strategies are then checked against the likelihood of whether we can communicate that 'positioning' by normal advertising, sponsorship, public relations in below-the-line tecb-

niques," adds Mr Watts.

The final objective of a modern corporate communications unit, he believes, is to establish the client company clearly in its market, so that if its image is monitored through normal market research the responses will be those the client wants.

A communications audit is not an enterprise to be under-taken lightly, however. "A client needs guts to embark on

an audit if be thinks his communications situation is poor,"
says Mr Frank Barnard, chairman of the Extel Consultancy,
"Interviews nucover unpleasaot truths and wounding misconceptions."

In addition, he believes that carrying out any audit requires that carrying out any audit requires than one, meeting since to face. This should involve more than one, meeting since

carrying out any audit requires top management commitment. top management commitment.
"It's no good saying 'Let's do
one, see what it uncovers and
then we'll decide whether we'll disclose the results'," he says. "An audit is e management

discipline and a rare opportunity to get a warrs-and-all objective insight into a company's communications opportunities and hazards."

Not all companies need or are prepared to take part in are prepared to take part in such communications audits. Yet they still need to find and use a consultancy to belp them reach their target groups. Many appear bemused at the whole

There are several basic steps to be taken:

What is the communications

What is the communications problem that has been identified problem that has been identified to necessitate the help of consultants? Yoo should have as clear an idea as possible of which targets you think you should try to reach even before yoo make the first contact with a consultancy.

Make use of the applicable

 Make use of the available informetion on consultancies to help you to make a preliminary choice. The Public Relations Consultants' Association keeps a list of members specialising in particular types of PR, while the Public Relations Yearbook (published by the Financial Times for the PRCA) lists all major consultancies in some

● At this stage you should try to narrow the choice by considering the options that might arise from using either a large or small consultancy. You could also consider whether—if based outside London—a regional con-sultancy might be more suitable. • Then consider whether you

more than one meeting, since you will first need to establish their "credentials"—what they have already achieved for others
and then to discuss your own
problems in more detail.
At subsequent meetings the
proceedings may become more
difficult. As they do not usually
expect.

expect you to pay for the presentation consultants do not want to reveal their full creative ideas, which take time and cost money to prepare. So you will have to take a

of this stage discuss money Fees and budgets can vary from as little as £5,000 to as much as £500,000, depending on the size of the consultancy and the amount of work required to be done. Broadly, was will get as done. Broadly, you will get as

much as you pay for.

Ascertain the methods the consultancy plans to apply so as to measure the likely effectiveness of their PR proposals against your real communications needs.

are not always a good way to echieve communications targets. So much depends on the newspapers or periodicals and their readership.

Remember that PR consultarions are in the consultarions are in the consultarions.

tancies are, in the main, staffed by professional people whom you are paying to perform a specialist task to the best of their ability. Do not, therefore, use your consultancy as an odd-job agency by, for example, in-terupting their important work on your bebalf so that a PR executive can send flowers to your wife or find Cup Final or theatre tickets at the drop of

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### Corporate Communications 5

# More soundings by boardrooms

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tions with shareholders. The result has been a rapid growth in investor relations activity, an aspect of corporate communications which is well established in the US but is relatively new in the UK. Investor relations is a crucial extension to the more general financial FR programmes which companies implement. It adopts many of the same techniques but targets its communications more specifically and directly to the investment community. Investor relations includes communications with the financial press and with investment analysts as the two most important sources of investment advice, but then goes much further, encouraging companies to take a direct responsibility for all aspects of its communications with this archiders and potential investors. The relations significantly below specifically and potential investors interest in their investments. Shareholders and an activative interest in their investments. Shareholders registers are much sover sclusions. Executive whose task is to consure that shareholders and potential investors. At the company, its financial position, corporate strategy and future prospects — an appreciation of the company, its financial position, corporate strategy and future prospects — an appreciation of the company, its financial position, corporate strategy and future prospects — an appreciation and introducing many powerful financial press that grant players. The realignments and mercentage and the same and company, its financial position, corporate strategy and future prospects — an appreciation of the company, its financial position, corporate strategy and future prospects — an appreciation of the company, its financial position, corporate strategy and future prospects — an appreciation of the company, its financial position, corporate strategy and future prospects — an appreciation of the company, its financial position, corporate strategy and future prospects — an appreciation of the company, its financial position, corporate strategy and future prospects — an appreciation of the

FEW BOARDROOMS in Britain which they hope will then be can rest complacent that they reflected in a fair valuation of the company's shares on the company's shares on the company's shares on the unwelcome takeover bid.

The increase in the level of takeover ectivity—and the size of some of the mighty that have doctie group. A few characters tendered management into a careful reappraisal of their communications with shareholders. The result has been a rapid growth in investor relations activity, an aspect of corporate communications which is well established in the UK.

Which they hope will then be to how their traditional relationally with their financeause of their greater concentration of negotial advisors will develop.

The introduction of negotial commissions in October is expected to result in a two-large communications with shareholders. The fallen—has shaken senior turn up regularly to the annual the fallen has able to recognise of their presents in the sample of their financeause of their greater concentration of negotial commissions in October is expected to result in a two-large communications with shareholders. The fallen—has shaken senior turn up regularly to the annual treatment in the sample of their financeause of their greater concentration of negotial commissions in October is expected to result in a two-large commissions in October largest companies being treded globally and companies quoted on the similar companies quoted on the world. There will be fewer market makers in the remaining the year to supplement the samual report.

The introduction of negotial commissions in October largest commissions in October largest commissions in October largest companies being treded on the similar companies quoted on a presentation about the world. There will be fewer market makers in the remaining the year to supplement the samual report.

The introduction of negotial commissions in October largest companies focus of their greater concentration of their samulation of their finance and their finance compan

change in corporate strategy which needs to be conveyed to a wider investment endlence, it will need to organise a more formel presentation to investors, a roadshow, which can be taken to the major financial centres, not only in the UK but in overseas financial markets, if a com-pany expects there to be con-siderable investor interest.

Investor relations activities tend to focus on communication

tions programme. Some com-panies focus on the agm as the most ideal opportunity to com-municate directly with the small investor and respond by putting on a presentation about the

The annual report is prob-The annual report is probably the most impartant communications tool that a company has. An important aspect of any IR programme would be to ensure that the annual report is well designed and gives e clear picture of the company's key development during the year in the operational review, and that the financial information is laid out with clarity. with clarity.

This can be supplemented during the year with other communications such as letters to shareholders or a newsletter which gives an update of recent corporate developments of interest to investors.

Another important aspect of investor relations in addition to the actual programme of communications is to prepare contingency plans in anticipa-tion of a period of significant non or a period of significant corporate activity, particularly a major merger or acquisition. Such events when they do hap-pen, move very fast and require

huge amounts of executive time. There are a number of steps which can be taken bowever, to improve the company's state of preparedness. These include ensuring listing particulars are up to date and undertaking a detailed review of a company's performance over several years to have reedy all necessary fects and figures that need marshalling to support an

In itself, an investor relations programme cannot guarantee a higher share price or contino-ing independence if a com-pany's performance does not justify either. However, sensi-ble and well planned investor relations programmes can en-sure that investment decisions are taken against a proper infor-mational background. And this can only assist companies in the process of efficient capital

**Employees** 

# Team briefing makes its mark

perly informed. Industrial rela-tions can be enhanced if there is a successful information flow between management and work-force. Even bed news is more which are trusted.

Advocates of employee com-numications make all these claims in support of their belief that the properly organised pro-vision of information is a particularly important feature of business life. But, like so many apparently obvious ideas, it has to be implemented skilfully.

Only a minority of employers would take public pride in deliberately not keeping their employees informed of developments. But some of the traditional means of doing so miss enormous opportunities and can

The starting point for all posi-The starting point for all positive employee communication strategies is that work forms a major part of people's lives. They deserve and want to be properly informed about issues which affect them and their employer. And employers need to keep workers informed because people will work at their best—and most profitably—only if they feel that their contribution really counts contribution really counts towards the success or failure

of the organisation. Employers who seek to improve their internal communications often begin by commissioning attitude surveys. These provide information about the outlook of employees towards selected issues, including existing communications strategies, and identify areas where priority action is necessary.

The methods then adopted for improving internal communica-tions vary with the size and style of an organisation. Many larger employers invest con-siderable resources in company newspapers, and are finding increasingly that these must allow for the open and balanced treatment of controversial issues to avoid the risk of the publications being regarded by staff as "management Alison Hogan staff as management propaganda."

Another large-scale com-

PEOPLE WORK better if they munications method which is are kept adequately and progrowing in popularity is the tailor-made company video typically to explain the annual results in a large organisation.

Many companies have found.

bowever, that even the best of likely to be accepted if it is written or videoed reports have communicated through channels to be supplemented by further action. This has led to a growth in consultative commit tees and more ambitious variants like quality circles. Another increasingly popular method of communications ia

team briefing.
Under a team briefing system, managers and supervisors keep employers informed of de-velopments within the organisa-tion through regular small group The Industrial Society bas

played a major part in develop-ing team briefing techniques in British industry, and offers belp in structuring systems and one or two day training courses for

briefers.

In the society's experience team briefing brings varied benefits including less misunderstanding about why developments are taking place, increased co-operation with change, improved commitment from employees, reinforcement of the role of management and a reduction in the chance of damaging rumours spreading. Employers are sometimes concerned that team briefing, and other communication tech-niques, might meet opposition

from trade union representa-tives and cause industrial rela-tions problems. There is e danger of unions believing that company communications tactics are an attempt to by-pass or influence established negotiating procedures.

The Industrial Society says

that from its experience, how-ever, most trade union represen-tatives welcome their members being well informed, and that briefing does not under-mine trade union communica-tions and representation wights tions and representation rights.
Another Industrial Society
initiative during Industry Year

is a campaign to encourage companies to communicate to employees information about the importance of industry to wider society. This includes trying to create a greater sense of common purpose within organisations — with improved communications again playing a ciucial role in bringing this

The concept of common purpose is essential to the successful outcome of any company communications strategy. No amount of sophisticated information cascades will make the formation cascades will make the control of t full impact on employees who and objectives of their company. Alan Pike

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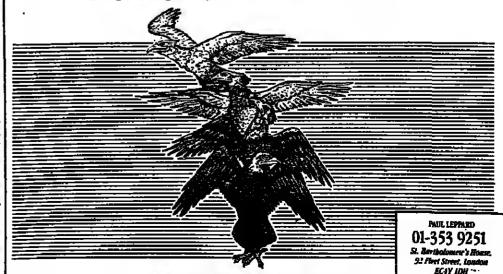
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# Word in the right ear

Lobbying

THERE CAN be no company in the country that is not alive to the importance of the machinations of central and local government, even multinational government (EEC), in influencing its profitability. As e result political advice, or lobbying, to employ the American format, has become one of the great growth sectors

of public relations.

It would be e modest PR company that did not offer its clients some assistance in this field, even if the assistance consists of little more than a tame MP, called in when needed, to arrange lunches at the House of Commons or to offer guidance on parliamentary

But virtually everyone involved in this mysterious, complex and muddled area now agrees that the old-fashioned agrees that the old-fashioned approach is almost useless. There are specialist companies, like Public Policy Consultants, a group of 16 individuals who have all had experience of working in Whitehall or Parliament, which believes that the traditional PF companies just cannot begin to understand how to influence government. For PPC the task is to try to identify the key figures. to identify the key figures, usually civil servants, before any proposed legislation has reached a minister's in-tray. Most lobbying campaigns are domed to failure because the

machinery of government is rolling, and is then all but impossible to stop.

Yet some traditional PR companies have been remarkably quick to adapt to the political challenge. The Government's most surprising defeat this year was over the Bill for Sunday trading. Extel, a mainstream company which offers parliamen-

company which offers parliamen-tary PR as just one part of its service, set up the campaign against Sunday trading, and then persuaded all the varied opposers, from the Church of England, through the shop-workers unions, to retail trade bodies, to choose it to co-ordi-nate the defence for a fee. left in no doubt as to the strength of local opposition. After around 230 such meetings enough Conservative MPs got the message. Even so Extel would not claim that it killed the bill. "We belped to make it a live and contentious issue:

Most public affairs PR is



Whitehall, which might heve an effect, positive or negative, on their business. Such an on mear business. Such an intelligence service can be bought for a few thousand pounds a year. It should act as an early warning system.

At one

an early warning system.

At one remove from this monitoring programme ie the supply of information to MPs, keeping them up to date with the progress of companies in their constituency, or in industries in which they are known to take an interest. Much of this data or bestly ends up in the data probably ends up in the waste paper basket, although hips are fairly conscientious and will et least appear at kinches or cocktail parties organised by PRs to make their client's case. client e case.

But, especially in the current Parliament, with a buge government majority, the importance of the individual MP is very limited. A hung Parliament would give political PR a treterm they are concentrating their attention on Whitehall, where the major decisions are

Civil servents are slowly emerging from their shells, and are not averse to being lobbled. It is bere that the Unlike many conventional nawer generation of political campaigns, Eriel bothered little PR consultants think they have with contacting MPs at the that edge on their older rivals House: instead it arranged with their ties to conventional meetings with them in their MPs, often one Tory, one constituencies where they were Lebour; perhaps a member of the Lorder and an exemployee. MPs, often one Tory, one Labour; perhaps a member of the Lords; and an ex-employee of Conservative Central Office. Undoubtedly, the returns from organising tea on the terrace are likely to be limited to the client feeling that he has been close to the corridors of power rather than the achievement of any effective putting of his case in we did not defeat the Govern-

There are perhaps half e much more mundane—the dozen consultancies staffed by informing of clients of any youngish people who grew up developments in Parkament, inside politics and who think party political organisations, they know the right strings to

Parliament

pull at the appropriate time.
Apart from PPC they include
GJW and Sallingbury.
Then there is the generation
of slightly more mature
specialists, including Political
Communication and Devid
Wedgwood. And, in profusion,
the major PR companies who
are proud of their political
work, such as Charles Barker,
Watney, and Powell and Good

Watney and Powell and Good Relations Public Affairs. The PR companies can all quote examples of where their

cations success in parsuading the Government to allow its chemt, Singapore Airlines, to fly to Manchester; David Wedg-wood'e in getting the duty paid by light eircraft for their avia-tion fuel reduced; or Good tion fuel reduced; or Good Relations in helping client GKN to a £400m government order for its armed personnel carrier. Some companies maintain that they warded off a poten-tial danger, such as Salking-bury's lobbying which perhaps deterred the Chancellor of the Exchequer from imposing VAT on books and newspapers. This shows the advantage of getting in early; a similar campaign attempting to persuade the Chancellor to remova the VAT which be had already announced he was levying on "take-away" foods, failed because ministers are reluctant to be seen to be bowing to out-side pressures.

The advent of e Labour Government, or a hung Parlia-ment, should produce much more work for PR companies: but it could also inhibit their operations. Parliament is very suspicious about the growing visibility of "strangers" inside its walls, and that includes the PR consultants.
Last year a House of

Commons committee investigated MPs outside interests but, rather surprisingly, came up with no important recommendations: MPs are still under no commitment to declare their links with PR companies. There in recent years but an interven-tionist Government is likely to times mucky links. The other development is the

arrival of pressure groups, and special interest lobbles. Tradi-tional companies will still need advice, but more clients are likely to ba trade unions, local government authorities, competitors for Channel Tunnel contracts, or for work on new sirports, consortia auxious to get the ear of Government. This one area of PR where the old-fashioned techniques and epproaches seem to be fast getting out of date.

Antony Thorncroft

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P.R. COMPANY

# Pulling slowly out of a patrician past

Nick Garnett on the UK car maker's search for more open management

"PRIDE OF Britain, envy of Yearly sales at 2,400 remain started up as an aero engine the world." So trumpets one of more than a thousand below plant in 1938. the many adverts for the pieces predictions made two years ago The words ring with that mixThere are a million \$ million ture of subdued chest beating aires in the US alone. Secondand quiet arrogance lypical of hand values too are no longer the purveyor of fine motor cars to Britain's Royal Family and the world's very rich. Municipal "Home of the Best Car in the World" greets visitors to Rolls-Royce's home town of Crewe.

were looking very ragged. At the end of 1983 the manual workforce at the company's production site in the Cheshire industrial town walked out for the first time in 23 years. Car sales had tumbled from more than 3 200 in the care to the company and the care to the ca sales had tumbled from more than 3,300 in the sate 1970s to 2,300 that year. In the wake of this, short-time working, low pay rises and hefty redundancies had proved too much for the workforce.

What struck observers most was not that the 2,800 shopfloor workers downed tools for five weeks It was the sullenness outside the factory gates and the animosity towards the company hubbling to the surface ir

Something was very wrong in an enterprise where resentment sought such expression and where the management had con-splcuously failed to carry the workforce with it during a very difficult period of the company's

which operates right through the plant," one senior shop steward said on the picket lines. It was as if the plant's sociat structure mirrored the society into which Rolls-Royce sells its still partially handbuilt cars.

But if dated personnel systems had at last caught up with Rolls-Royce so had its rather outmoded manufacturing methods which had loaded un the company's cost base and to which both management and the workforce had colluded. something bad to change, not least because people were no longer falling over themselves to buy a "Roller" or Bentley.

Some company chairmen who sacrificed a Rolls during the change is coming only slowly and slower than some observers believe is necessary. But change there is, In the past two years a company-wide bonus on output has

the hedge against inflation they

once were

As a result, Rolls-Royce, a Vickers subsidiary, has been forced to take a long look at the subsidiary was long look at the money anyway.

At Rolls the payments were the money anyway. itself and try to begin the transformation into a marketing Not so long ago these slogans rather than production led com pany, more willing to cut its inflated manufacturing costs, replace ineffectual pay systems, address the problem of workflow in the company's complex machine shop and modify its

#### **Traumatic**

Some of this was on the way before the dispute but that traumatic event, dragging a company whose rockbed was loyalty through some sticky if shallow mud, encouraged the pace to change. The task of leadership has fallen to Dick Perry who came to Crewe In 1982 from the Mulliner-Park Ward coachbuilding business (building bodies for the lowest volume Rolls-Royce models like the Corniche and Continental) and who took over the reins as and who took over the reins as chief executive two years later.

There are now other "outsiders" in key positions, notably ex-Peugeot Talbot man, Peter Ward, managing director for sales and marketing, and Mike Dunn, the engineering director from Ford. Perry himself is a former managing

self is a former managing director of what was Leyland Cars. Thus the old patrician flavour of management has been at least diluted. George Fenn, Perry's predecessor who took early retirement in 1984, was once described by George Ellis, the plant convenor, as an absolure gentleman, but was hardly ever seen oo the shop-

Pieceworking needs the sort of costly hardware that roll off and look puny against the bur- of organised workflow Rolls the line at Rolls-Royce Motors. geoning ranks of millionalres. never possessed. A worker who cannot meet targets because of organisational chaos in the supply of components on the shopfloor either fails to receive

At Rolls the payments were made, the system—never sulted to the building of a car with so many fiddly little pieces—was abused day in, day out. Paying out an averege £13 a week the new system has helped even out a notoriously lumpy stop-start rhythm in workflow." We had to find a method of payment better able to adjust output through changes in pay

output through changes in pay levels rather than through num-bers employed," says Peter Hill, director of personnel and systems. Bonus payments are now made on actual output.

The large machine shop which was characterised by indisciplined organisation more fitting to a jobhing engineer. and the stores and assembly and the stores and assembly areas, are getting a taste of workflow systems and computers. Now being introduced with the help of outside consultants, these should be up and running by the end of next year. The intention is to get year. The intention is to get the right bits to the right part of the shopfloor at the right time and provide the informa-tion that tells everyone that is happening.

That will help the company generate a steadier pulse in its manufacturing and improve forecasting. Among other bene-fits it will allow Rolls at least to tabulate how much inventory it holds, a piece of information not yet in the grasp of its managers,

something of a culture shock. Modern workflow systems "con-tradict every culture here," says tradict every culture here," says Hill. Manufacturing at Rolls-Royce is carried out in a rather loosely organised way; shortages of in-house manufactured components was usually overcome hy foremen willing to cajole others to break off from what they were doing, no matter what the cost in disruption, to manufacture a one-off place. to buy a "Roller" or Bentley.

Some company chairmen who sacrificed a Rolls during the darkest days of the recession have not returned to the fold.

The past two years a company chairmen who should be usually overcome willing to cajolate the sacrificed a Rolls during the darkest days of the recession have not returned to the fold.

The past two years a company chairmen who should be usually overcome willing to cajolate all employees a drive in one of the skills of self that still takes pride in polishmot and the darkest to give themselves to give themselves to the pany scheme does the cange of all employees a drive in one of the skills of self that still takes pride in polishmot and the control of the past two years a company that the cars of course. The company that the cars of course and course the displaced a piecework system they were doing, no matter that still takes pride in polishmot and the control of the past two years a company that the cars of course. The company that the cars of course and the course the pany scheme to department, Indicated to give themselves a drive in one of the skills from European State.

The past two years a company that the course and the course the cars of course the cars of course. The company introduction to the skills from the past two years a company that the course willing to cajolate all employees a drive in one of the cars. The scheme does the past two years a company that the course willing to cajolate all employees a drive in one of the past two years a company that the cars of course. The company that the course will all employees a drive in one of the past two years a company that the course will all employees a drive in one of the past two years a company that the course will all employees a drive in one of the past two years a company that the course will all employees a drive in one of the past two years a company that the course will all emplo



Richard Perry: "We have to change with society"

Bob McLintock, the half jocular, half exasperated machine shop manager, says the system runs on "instinct, impulse and energy" right now force has been with Rolls-Royce rather than hy method.

"The whole of society is changing and we have to change with it," says Perry. Deeply entrenched and frequently acid divisions between foreman and lineworkers who, until recently, were required to eat in separate canteens, between manual and staff employees and between rather remote directors and the shopfloor are being partially removed. One self-service cafe-teria now replaces three levels of canteen. Shop stewards and foremen are sent off together on training courses, an unheard of approach in a onca tightly-stratified company.

The consultation system introduced by David Plastow when he was head of Rolls-Royce during the first half of the 1970s before taking over as managing director and chief executive of Vickers, has also been widened into more of a

riastow pays tribute to the present management; it has accepted that the pressures on the company have tightened, thus spurring change for the better. It is using some systems which were either not around in the longest serving employees with the longest serving employees. which were either not around in the 1970s or which a successful company selling all it then made could afford to ignore.

for more than 20 years and a more open style of management is foreign to many of

Traditional management and workforce conservatism will inevitably remain a strong moti-vator in the behaviour of a company whose products move on the line only once an hour. Thirteen unions-the Amalga-

mated Union of Engineering Workers is hy far the largest are still represented on the shop floor. Job demarcation is also still pronounced. "If I had to talk about diluting demarcation now with our members I'd be out of office," says Ellis.

A joint management union team is also looking at the diffi-cult question of pay differen-tials which remain an issue at Rolls-Royce. Labourers earn on average £135 a week with bonus, skilled machinists £175, and foremen £226.

Jack Goodwin, the longest serving employee with 45 years' service in 1984, had a ride that year in one of the Rolls he helps make as part of a company scheme introduced to give all employees a drive in one of its cars. The scheme does not allow them actually to drive the cars of course. The company

Personnel selection

# How to spot a performer

Jerome Burne reports that the correct approach can save money

BRITISH COMPANIES are wasting large amounts of money and being saddled with unhappy personnel through hiring the wrong people. Not only that but they are ignoring e number of reconsques that could help them to find the right ones.

That is the conclusion of a paper published last month in the Journal of Occupational Psychology by Dr Ivan Robert-son and Peter Makin. They sent questionnaires to a third of the companies on the Times 1000 list asking them how they selected their employees. By far the great majority of the 36 per cent which replied said that they used only interviews plus references, both of which hava been consistently found to be very poor ways of predicting how well someone will sub-sequently perform.

Stories about the arbitrary

nature of interviews are legion. One large tobacco company has a director who only asks pros-pective senior managers one

pective senior managers one question: "Are you interested in DIY?" Those who are fail. Such methods make for good anecdotes hut they could be costing the company a fortune.

Robertson, a lecturer in organisational psychology at the University of Manchester Institute of Science and Technology, describes how psychologists have recently developed something called utility theory which allows companies to put a monetary value on the cost of hiring wrong people. This is hiring wrong people. This is usually about 10 times more than the additional cost of setting up a more sophisticated selection procedure.

In one example he gave of an imaginary firm with 12,000 employees, which made 415 promotions a year, the saving from doubling the efficiency of tha selection procedure was esti-mated at £698,000 set against a cost of £77,040 for tha assess-

Business courses

Mergers and acquisitions: strategic tax and accounting issaes, London, July 18, Fee: £190 + VAT. Details from Legal Studies & Services, IBC House, Canada Road, Byfleet,

"Psychologists have now that is right every time while developed several methods 0 indicates it is no better than which are really quite good at predicting how well people will do at a certain joh," he says.
"They are at least twice as than tossing a coin — while accurate as guaging from an interview and used together they can be three times as good hut they are just not heing

References, for example, can be improved by asking people factual questions, but this is rarely done. "People are happy to fudge when asked to write generally but they are less likely to tell a blatant lie when asked a direct question." asked a direct question."

Another method is the personality test, used by only 4 per cent of respondents. This involves first giving personality tests to all the employees already doing the type of job for which there is to be further recruitment and then picking out the personality profile of the successful people in that job. This can sometimes throw up

surprising results. Accountants, for example were found most commonly to have the following characteristics: warm hearted and easy going, prudent and serious, not socially hold and more experimenting than conservative. Candidates with these qualities therefore would be worth special attention.

On its own it is better than the interview bot not as good, however, as the cognitive test— better known as the 1Q test. Whatever had reputation it may have gained during the battle over comprehensive education, it is actually quite a reliable predictor of how well a person will perform in a certain job once tha requirements of that job have been clearly defined. Psychologists have con-structed a scale from 1 to 0 to describe how reliable these in the survey wasn't worried tests are at predicting who will about hocus pocus, however — do well. 1.0 means a method it used astrology.

Fee: £75, Details from the August 8-9. Fee \$360 (to gramme, Uxbridge, Middlesex UB8 3PH.

"86 Computers in personnel: Suite 1100, New York, NY
"From potential to performance," London, July 8-10. Fee: Tax and benefit planning for personal pensions, London, 1427, parameters 1426. IPM members/IPM subscribers personal pensions, London £419.75; non-members £460. July 1. Fee: ESC member Details from course and confer- £156.40; non-members £186.40

than tossing a coin — while the cognitive test is 0.4. This is about the level

achieved by the so called hiodate technique, whereby a person fills in a questionnaire about his or her life style and attitudes

-- certain patterns emerge which are associated with doing certain jobs well.

The "deluxe" method of selection is the assessment centre. This may use a combination of the above methods plus what is known as testing a selection. plus what is known as testing on "core features." The essential elements of a job are pla-pointed and then the applicant is asked to perform them. "For example," says Robertson, "lecturers are often appointed on the basis of their research rether than whether they can lecture. So we ask them to give a sbort one. It sounds obvious hut it's amazing how rarely it

What all these methods require is some degree of psy-chological expertise to administer and assess the tests. Robertson denies that he was simply mounting a job creation scheme for occupational psy-chologists. "We can now say that if firms take our advice they will be more efficient and have a more psychologically healthy workforce. They also benefit from having to define more closely just what it is that they are looking for."

Interviews are still widely used because they are the simplest and the cheapest and do not require any outside involvement. Also, unlike the Americans, the British are still a bit weary of what they see as scientific hocus pocus. One firm in the survey wasn't worried

Management Pro- Include dinner and cruise). Brunel University, Details from George Little non-members £184

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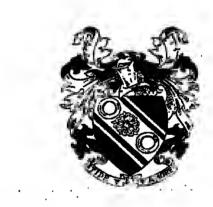
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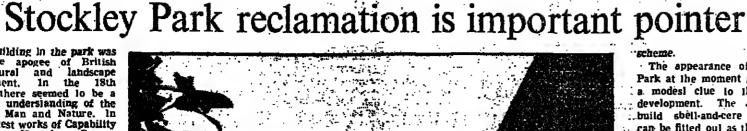
Mrs. Mireday

once the apogee of British architectural and landscape achievement, in the 18th achievement. In the 18th century there seemed lo be a profound underslanding of the unity of Man and Nature. In the greatest works of Capability Brown and Humphrey Repton lhe art of landscape design in relation to architecture often reached the highest levels of art. The wish to utilise the landscape of England, in Itself often small scale and insignificant as an element of a larger cant, as an element of a larger idealised art form was a common one and something totally appreciated by landowners. We seem to bave lost the sense of landscape and stablecture. architecture as two elements most likely to ratse our visual

Briss a strong current of Brissb crealtvity. The discovery that on the fringes of Heathrow some 350 acres of derelict land are being transformed into a park and business area, based on the premise that a beautiful land-scape is good for commerce, is an encouraging sign of an important revival. Stockley Park was declared open last Friday by the Prince of Wales. Symbolically, no ribbons were cut and no stones laid. Instead the environmentally conscious Prince pressed a button to start an elegant warerfall between two new man-made lakes.

understanding—although on the smaller scale of gardening it remains a strong current of

In the last 13 months the area has been lbe scene of incredibly was a difficult one. After a dramatic changes, Earthmoving on the scale of the parks in Silicon Valley and creation of the Polders has re-tocated some 4.5m cubic feet of landfill from the north to the south of the site. The reclamation of the land has made it possible to build commercial development on some 25 per cent of the site, leaving 230



Architecture/Colin Amery



One of the first landscaped courts of Stockley Business Park, an inspiring regeneration of derelict land

mend them for economy and elegance,

The lask for the architects other locations they were asked by the developers to design multi-purpose commercial buildings for high lechnology operations, that could be used for laboratory, training, distribulion and similar functions, The difficulty of the design task acres to be regenerated as park and golf course.

At Stockley Park the buildings are rising. They are designed by Arup Associates are rising.

and rectangles can be combined to produce a variety of arrange-ments. The sun-shading projec-tions from the roots, lend the ments. The sub-shading projections from the roofs, lend the scape features will form and is set to pioneer a raising of pavilions an oriental aspect and important part of the whole standards.

longer an environmentally the smooth grey and white damaging activity. It is often aluminium panels are colm and not so far removed from the dignified. Like so much af the average "office" space. The work of Arup Associates these sort of research and develop- buildings have a simplicity that ment needed for high techno- is refreshing and a careful

logy industry demands aimple, relationship to the lakes and rectangles space, that is well trees that is rewarding.

Much attention has been tour designs flow, and three storey payillons with pitched slate roofs on a ground plan of 60 sq ft.so that squares and correct angles can be combined and a careful relationship to the lakes and trees that is rewarding.

Much attention has been twished on the centrally because and doors and top light pitched slate roofs on a ground will be complemented in some of the payillons by specially commissioned areas of stained Mucb atlention has been hwished on the centrally located efficance areas. Oak screens and doors and top light will be complemented in some of the pavilious by specially commissioned areas of stained and coloured glass. The commissioner of sculptures and land-

The appearance of Stockley Park at the moment gives only a modesi clue to the future development. The Arup fast build sbèll-and-cere pavilions can be fitted oul as the tenants require and there will be an unusual level of design control. The development of the park itself offers the promise of an 18 hole golf course and the planting of 100,000 trees. The landscape is the responsibility of Charles Funke and Bernard Ede Associates—the latter bas cut his leeth on the exicusive landscape of Milton Keynes, At the centre of the new park the developer will provide extensive new sports buildings and a small shopping facility.

Park is an important one in terms of the kind of partnership that is on offer between local authorities and private developers. The London Borough of Hillingdon will, in this case, gain 100 acres of commercial development and a new 230 acre public park pronew 230 acre public park pro-vided by the developer. In terms of the reclamation of the land that had, since the 1930s. been used as a rubhish dumo on exhausted gravel pits, it offers enormous public gains.

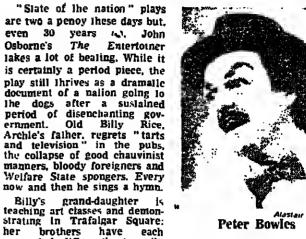
is dying.

There are some thousands of acres of derelict land around our cities that can he reclaimed in this way and landscaped to make the kind of green environments that the new world of research and development badly needs. Architecturally the opportunities are equally challenging. Many a business park in the US is little more than a collection of single storey blocks, their roofs cluttered with mechanical services and a few terms. few trees. A fully planned park needs the most intelligen; and creative design and it is excel-lent to report that Stockley Park

### The Entertainer/Shaftesbury

Jose Had

#### Michael Coveney



Peter Bowles

responded differently to mili-tary call-up — Mick is "out there" during the Suez crisis, Olivier's Archie on film, but Peter Bowles, I'm afraid, is absolutely nowhere near the Frank has said no end served slx months; and Archie is playing the local lheatre in a show that demonstrates all too heart of this role. Archie's livid energy and nastiness are sub-stituted with the bland suburpainfully wby the music hall ban boomshness of a second-hand car salesman, an impres-Osborne brilliantly trans-formed the music hall act of sion underpinned by Mr Bowles's arriviste executive hairstyle. Archic's leery sata-nic vulgarity is replaced in the Archie Rice into a wash of affectionate sleaze punctuating affectionate sleaze punctuating scenes of raw and compelling family crisis and also provided Laurence Olivier with his greatest Iriumph in a contemporary play. "You don't think I'm real, do you? Well I'm not," says Archie in front of the garish bac....lotb. His family are bonkers, drunks, besel with problems nobody ever heard of. Thank God, like Archie, they're "normal." nic vulgarity is replaced in the patter scenes with a blank cnervated ventriloquisi's dummy demeanour. Mr Bowles paints on unconvincing little lies, like his arched eyebrows, his studied finical cough, his tensed mouth and occasionally

More crucially, there is no desperation and no emotional exposition. After news of Mick's death, Archie comptetes a devastating scene of drunken soul-baring with an elemental, spontaneous delivery of a Negro In Robin Lefèvre's Leicester Haymarket production at the Shafteshury we have the outlines merely of the play's aggressive, gut wrenching potentials. spiritual, a moment of rare spiritual candour and one of tial, Comparisons are odious, modern drama's finest curtains, of its and anyway I've only seen Mr Bowles sounds as if he's memory.

been told the draught Bass is "off" for the night. He strikes me as a Babycham and Martini

man, anyway.

The production is so slow to get moving that, at Saturday's matinée, l'endured the curious sensation of watching elderly patrons on ellher side of me drop off to sleep in the first 100 minutes. Frank Middlemass is a lovely actor, but he misses the briskness and celebratory lamentation of old Billy turo-

ing all that Into something precious and womanish. The muddled opening sequence is partly due to the disastrous design of Martin Johns, which confines the actors within the false prosections to the false prosections to the false force. actors within the false proscenium half-way up the slage for most of the evening. Even in the fourth row, they seem to be signalting from the end of the pier. Archie played large and unforgiving half-empty barns, but the play needs a more initmate evocation of that grim reahity than is possible in Bertic Crewe's pink wedding cake extravaganza of an auditorium. The one Indisputable success is Sytvia Syms's abused and absurdly loyal Phoebe Rice. It is not her fault that the final scene where she comes to collect Archie fails to carry a

lect Archie fails to carry a proper punch. Miss Syms, who has shown in a Cambridge Vortex what a fine actress she is in demanding roles, trans-mils a ravaged inner beauty. mils a ravaged inner beauty, destroyed but not quite, like Archie, dead behind the eyes. Her tentatively melodic version of "The Boy 1 Love is Up in the Gallery" is the show's highlight and says everything Osborne could dream of saying about the importance of those music ball songs for a public threatened with the rape public threatened with the rape of its collective cultural

### Circe and Bravo/Hampstead Theatre

#### Michael Coveney

Donald Freed Is an American who keeps plugging away at CIA conspiracles and White House cover-ups, to judge by his liberal showhiz track record. In Circe ond Broro he distills his postond Broro he distills his post-watergate zeal into a cat and mouse game between America's First Lady and her Secret Ser-vice bodyguard in the Prest-dent's Camp David mountain home. The lime is the 1980s, the First Lady played by Faye Dunway, the director Harold Pinler.

Archie, they're "normal."

draws upon her siren character-lstics after an extended bout of indulging what she calls her "logorrhoea and mythomania problem." The character is, in fact, under hourse arrest and the rose garden.

drunk, a polential suicide, a whore. The house is on red alert, choppers circle above, the agent Bravo reports every ulterance of Circe on his walkie-talkie and robotically pro-nounces the dinner menu in a black sull and reflector glasses.

watergate zeal into a cat and mouse game between America's First Lady and her Secret Service bodyguard in the Prestident's Camp David mountain home. The lime is the 1980s, the First Lady played by Faye Dunway, the director Harold Pinier.

Miss Dunaway, making her London slage debut, is a fittery and resentful Circe who only draws upon her siren character.

The reality of the imprisonment wears a bit thin when Bravo falls to report these aberrations back to base, but one's doubts really start accumulating when Circe claims, inaccurately, to be Hellos's grand-daughter. The mythical idenlifies with all those sad inaccurately, to be Hellos's chaste hug.

Tirst Ladies dimly discernible on the mantelpiece. Like Martia Mitchell, the political wife who spilled the beans, she koows bunaway exchanging a clingy where the bodies are buried in the mantelpiece and a catalogue of where the bodies are buried in the mantelpiece and a catalogue of where the bodies are buried in the mantelpiece are buried in the mantelpiece. Like Martia allusions coagulate around a finally arive al Mr Freed's poetic pietà and a catalogue of where the bodies are buried in the mantelpiece. Like Martia allusions coagulate around a finally arive al Mr Freed's poetic pietà and a catalogue of where the bodies are buried in the mantelpiece. Like Martia allusions coagulate around a finally arive al Mr Freed's poetic pietà and a catalogue of where the bodies are buried in the mantelpiece. Like Martia allusions coagulate around a finally arive al Mr Freed's poetic pietà and a catalogue of the mattelpiece around a finally arive al Mr Freed's poetic pietà and a catalogue of the mattelpiece around a finally arive al Mr Freed's poetic pietà and a catalogue of the mattelpiece around a finally arive al Mr Freed's poetic pietà and a catalogue of the mattelpiece around a finally arive al Mr Freed's poetic pietà and a catalogue of the mattelpiece around a finally arive al Mr Freed's poetic pietà and a catalogue of the mattelpiece around a finally arive al Mr Freed's poetic pietà and a catalogue of the mattelpiece around a finally arive al Mr Freed's poetic pietà and a catalogue of the mattelpiece around a finally arive al Mr Freed's poetic pietà and a catalogue of the mattelpiece around a finally arive al Mr Freed's poetic pietà and a catalogue of the mattelpiece around a finally arive al Mr Freed's poetic pietà and a catalogue of the mattelpiece around a finally arive al Mr Freed's poetic pietà and a catalogue of the mattelpiece around a finally arive al Mr Freed's poetic pietà and a catalogue of the mattelpiece around a finally arive al M lowelling bath robe. Her nuclear war.

Circe has been shut away as a Odysseus, however, a veteran of the Viet Nam as opposed to Trojan War, curls up in a Freudian bundle instead of rising to the sexual chollenge. The reversal of authority

roles makes sense more pre-dictably dramatic than per-suasively logical, with Miss Dunaway, as startlingly attracdared to hope, melling from aggressive capitive to dominaling games mistress. In the final stages, Stephen

Jen's sinister attendant is hypnolised back to las Wisconsin youth. In a waking nightmare, he burns his hand on a poker, falls on a settee, removes his spees, opens his mouth in a silent scream, calls for "Mamma" (lots of American presidents called

### Musica Antiqua/St James's, Piccadilly

#### Richard Fairman

Musica Antiqua Köln is one Concerlos made up the pro-of the leading German en-sembles playlog on original Lufthansa Festivat of Baroque like this before, for instance in sembles playlog on original iostruments. A series of pre-Music being held at St James's Church, Piccadilly. Musica Antiqua flew in to give this one stigious recordings has won them a fine reputation and, as though to remind us of the concert and (to judge from their speeds) could well have flown fact, the first 10 minutes of this concert on Saturday had the audience blinded by flashlights speeds) could well have flown out again the same evening. Early practitioners of the anthentic approach, such as Leonhardt, had already adopted faster tempi; but this group of young musicians are a new generation in high-speed playing. as a press, photographer tried to snap his subjects from every conceivable angle—a sort of baroque son el lumière.

Three of Bach's Brundenburg

the summer storms of the Four Seasons, but not usually Bach.
Either by design or necessity,
their choice of fast speeds
brought one other feature: a
strong accept at the beginning
of each bar gave a kick to the rhythms and also hetped to keep the instructents firmly to-gether. This, however, is an effect that can become tiresome and in the Allegro of the first Concerto the heavy thump on the first beat by horns and continuo soon started to sound

In the third Concerto they hit what must be an extreme. So fast were the rushing semi-quavers of the Allegro that the music no longer seemed to operate on its old intellectual level, allowing enjoyment of the balance of its textures and clever part-writing. Inslead we the first beat by horns and continuo soon started to sound anti-musical.

It goes almost without saying that the group responded with playing at a virtuoso level. Under their director, Reinhard Goebel, all except the horns showed how vital and accurate old instruments can be.

### Saleroom/Susan Moore

Rarities from Imperial China early Ming blue and white ever will be the highlight of the to come up for sale. As the auction roams this week, other three cups are in the Solheby's are offering tomorrow Prking Palace Museum arguably the largest and finest Solheby's are cautious to expert group of Tang dynasty (618-male its market value, but 9061 tomb figures and wares to come on to the market for sale statement. many years. The sales consists of 39 lots of Tang pottery, sculpture and melalwork from a private European collection.
A graceful, well-rounded court lady glazed in the most costly blue, a 321 in. striding camel decorated with a bold

but certainly the most unusual is a limestone carving of a female musician. The survival of relatively few secular stone carvings of the period accounts for its estimate of £80-120,000. In their Chinese bronzes and

leaves. One of only four known examples which hear the Yongle atlon eld period (1403-24) regin mark, it felch and is possibly the rarest piece of £40,000.

Some 160 pieces of 18th-century German porcelain from the collection amassed in Switzerland by Dr Marcel Nyffeler are to be sold al Christie's today. Comprising mainly early Meissen figures, they include a group of seven characters from

the Commedia dell'Arte modelled by J. J. Kändler and P. Reinicke for the Duke of Weissenfels in about 1744. A

ceramics sale the same morning is a previously unrecorded Ming are trimmed with puce, the colour of the delightful spotted colour of the delightful spotted are trimmed with puce, the colour of the delightful spotted are trimmed with puce, the colour of the delightful spotted are trimmed with puce, the colour of the colour blue and while porcelain wine colour of the delightful spotted cup decorated in underglaze dragon al her feet. Both sland blue with lolus hlossoms and on a starred blue sphere. This confection of counter Reformation eloquince is expected to felch anything from £25,000 to

## Sinopoli/Festival Hall

#### **Dominic Gill**

Giuseppe Sinopoli bas obvi- congenial, expressive, which Giuseppe Sinopoll bas obviously been doing a loi of work in front of the mirror lately to try lo solve the problem of his left hand. No wit follows his right hand slavisbly in symmetrical mirror image only 80 per cent of the time, instead of support cent of the time, instead of support convenience of conductor's gesture entirely convincint. But in Respighi's Fountoins of Rome, which opened his programme congenital, expressive, which chapted the setting foot on either side. The soloist, beautifully polsed, exquisitely ambiguous of timbre, was a puzzle of the congenital, expressive, which chovers between Japan and Europe without firmly setting foot on either side. The soloist, beautifully polsed, exquisitely ambiguous of timbre, was a symphony which ended the evening was a puzzle. Sinopoli directed the finale in his lugubriously academic fashion really rather beautifully, charting its managed with a certain dogged dexterity to keep at least the feet of the music dancing—an unusually effective and successful performance, and one of the best from him that I've heard. The concert was sponsored by Suntory; the Suntory Music Foundation commissioned Orion and Physicae for cells and ond Piciodes for cello and orchestra from Toru Takemilsu orchestra from Toru Takemilsu In 1984; the eventng's modern work was Orion oud Pleiodes. It is an attractive piece, at 25 mioutes perbaps a shade too long for its material, but sprinkled with many bappy inspiralions. The world is predominantly fin-de-siecle Oriental, and there are frequent stirrings (of clouds, stars and incense) that summon, rather than explicitly recall, early orchestral Skryabin. In the second movement there are unmistakable resonances of Messiaen — especially in the little wiod-chorale which punc-It is an attractive piece, at 25 milliouss perhaps a shade too long for its material, but sprinkled with many bappy inspirallons. The world is predominantly fin-de-siecle Oriental, and there are frequent stirrings (of clouds, stars and incense) that summon, rather than explicitly recall, early orchestral Skryabin. In the second movement there are unmistakable resonances of Messiaen — especially in the little wlod-chorale which punctuates the movement. But Orion ond Pleiades isn't derivative: it has its own, gentle sound-world, hent trust.

Serious slruggles with Chaikovsky, and deserves out deserves out and suit be celebrated with the piece on creatists death with two pisno recitals.

The British Theatre Association is launching an appeal for the sponsorship of Lisat's death with two pisno recitals.

The morning recitals at the provide and chansons by Reynaldo and Chansons by Reynaldo and Chansons by Reynaldo and Chansons in the festival be des

which opened his programme with the Philharmonia unrelenling and unlillumined Orchestra on Thursday, he progress with remarkable tact rather beautifully, charting ils progress with remarkable tact brought simultaneously and understanding. How be Philip Jones Brass Ensem and understanding. How be could achieve that, and yet have delivered the first three movements to woodenly, without a spark of dramatic sense or electric current, is quite beyond me. But Sinopoll is like that: be gets ports right, but rarely like whole. Anyone who can make the second episode of the second movement of the Pathetique sound like a jolly lullaby, as he did, is obviously having the results of the laready small Arts departtique sound like a jolly lullaby, as he did, is obviously having serious struggles with Chaikovsky, and deserves our

### ...Bath Festival/Paul Driver

This year's Balh Festival, wealed liself as of the brightest, under the direction of Amelia clearest, and most able — ber tones had a liquid freshness; under the direction of Amelia Freedman, which ended yesterday, has been so richly stocked
with events (many of them
have been, or will be, broadcast
by the BBC) that on both days
T spent there no fewer than
three main evening concerts
clashed. Most of the foregoing
evenings necessitated a choice Freedman, which ended yester-I spent there no fewer than three main evening concerts clashed. Most of the foregoing evenings necessitated a choice of at least two important events.
Often enough the choice has been of extremely diverse elements: Saturday night be Phillo Jones Brass Ensemble in

the already small Arts depart-ment at Bath University.

stronger contrast to Schubert lieder than Debussy's newfangled discourse — supple, plastic, yet evanesceot — in his Trois Poèmes de Slephane Mallarme, which Miss Ameling seemed limitless (if ultimately wilful); and although she had a wonderful vocal presence, she also suggested some great pure voice from the past, alluringly preserved on records.

She could not be faulted for accuracy of intonation or clarity of words; her legatos and top notes were discreetly thrilling. She made a profound communication, particularly of Das Lied im Grünen, Suh'iko 1 and the veritably Wagnerlan Die junge Nonne.

Nothing could have been in Mallarme, which Miss Ameling performed with very good intentions.—Poulenc's Flançaillen work monotonously sung; the concentration of the rechal's first half was gradually disserting by Carlos Guastavino (h 1912) — La rosa y el sauce, which William Mann in his programme-note considers one of "the world's great songs" — had a definite impact. But the cabaret pieces by Salie and Hahn were unenlivening.

1986 Cheltenham Music Festival One of the major themes in jazz/modern dance collaboration this year's Cheltenham Inler-Pier Rides, followed by pernational Festival of Music, formances of Sicon Loke, which runs from July 5-20, is . Commercial sponsorship has Music and Musicians from West
Coast America. This will include works by Composers-inresidence Peler Racine Fricker,
William West
Coast America. This will include works by Composers-inresidence Peler Racine Fricker,
give assistance.

# Arts Guide

#### Music

PARIS

Anna Tomowa-Sintow recital (Moh). Théâtre de l'Athenée (4742 6727). Orchestre National de France, con-ducted by Christoph von Dohnanyi; Horacio Gutierez, piano. Brahma, Mendelssohn (Mon). Salle Pleyel (1881-1889) (4561 0630).

Czech Philharmonic conducted by Vaclav Neumann: Mozart, R. Strauss, Dvorak (Mon). TMP-Chaté-Ensemble Orchestral de Paris, con-

ducted by Jean-Pierre Waller, Alex-andre Lagoya, guitar. Vivaldi, Rodri-go, Mozart (Tue). Salle Pleyel (4561 0630).

Cello Concertos, Jean-Marie Gamard, Marie-Aymee Malaquin. Vivaldi, Boccherini, Haydn (Tue). Saint-Severin Church (4633 8761). Symphony Orchestra and Choir of Spanish radio and television, con-

ducted by M.A. Gomes-Martinez. De Falla, Rodrigo, Curidi (Tue). TMP-Chatelet (4233 4444). Annie Fischer, piano. Mozart, Schu-mann, Brahms (Wed). Theatre des

Champs Elysees (4723 4777). Ensemble Intercontemporain. Olivier Messiaen (Thur). Centre Georges Pompidou. Grande Salle (4278 7995).

#### LONDON

Philharmonia Orchestrii, conducted by Giuseppe Sinopoli, with Bruno Giuranna, violin. Berlioz, Schubert

## and Debussy. Royal Festival Hall (Tue), (928 3191).

London Mozart Players, conducted by Jane Glover, with Heather Harper, soprano. Mozart and Britten. Queen Elizabeth Hall (Wed). (928 3191).

English Chamber Orchestra, with Sir Georg Solti and Mutray Perabia, soloisis. Mozart piano contertos in the presence of the Prince and Princess of Wales, Barbican Hall (Wed).

London Bach Orchestra, directed by Nicholas Kraemer. Vivald's Gioria and Four Seasons. Queen Elizabeth Hall (Thur).

ilharmonia Orchestra, conducted by Semyon Bychkov, with Nigel Kennedy, violin. Beethoven, Mendelssohn and Brahms. Royal Festival Hall (Thur).

#### NETHERLANDS

Amsterdam, Concertgebouw. Recital Hall: 17th century Italian music, with Frans Brüggen, flute, Gustav Leonhardt, harpsichord: Anthony Woodrow, double bass (Wed). The Schönberg Quartet. Chausson (Thur). (71 83 45).

Rotterdam, Doelen, James Conlon con-ducting the Rotterdam Philharmon-ic; Nai Yuan Ho, violin, Baethoven (Thur). (14 29 11).

Amsterdam, Frascati. Klas Torstens son'a multi-media project Barstend

### Franz Liszt piano concours



The 1986 Franz Liszt piano concours at Vredenburg, Utrecht, in the Netherlands, takes place this week. The semi-finals are be-

ing held today and tomorrow at 11am, 2pm and

In the finals, on Thursday, the six chosen candidates will perform with the Netherlands Philharmonic Orchestra under the baton of Anten Kersjes (8.15pm).

LJs, for 24 voices, four percussionists (23 57 23).

#### ITALY

Florence: Theatro della Pergola: Kathleen Battle, soprano, accompanied by Lawrence Skrobacs. Schubert, Duparc (Tue, Thurs). Henryk Szer-yng, violin; accompanied by Hu-Dreyfus. Bach (Thur).

#### VIENNA

Saint Paul Chamber Orchestra, con-ducted by Pinchas Zukerman, viol-in. Haydn, Mozart, Dvořák, Schubert, Musikveretn (Moo).

Michael Schnitzler, violin and viola; Hans Petermandi, piano. Mozart, Brahms, Beethoven, Ravel. Schu-bert Saal, Konzerthaus (72 12 11).

Alfred Brendel, oiano. Haydn, Schu-mann, Liszt. Musikverein. (Wed).

#### June 6-12

ienna Symphony Orchestra, conduct-ed by Guenther Wand, Schubert, Beethoven, Musikverein (Thur). Kathleen Barile, lieder; James Levice, pisno. Purcell, Händel, Schubert, R. Strauss, Duparc. Brahms Saal, Mu-

Music/Monday. Opera and Ballet/Tuesday. Theatre/ Wednesday, Exhibitions/Thursday, A selective guide to

all the Arts appears each Friday.

#### NEW YORK

Merkin Hall (Goodman House): Ro-bert De Gaetano piano recital. Mo-zart, Robert DeGaetano (world premiere) Liszt, Bernstein, Rach-maninoff (Mon); Hebrew Arts Cho-rale and Chamber Singers. Elayne rale and Chamber Singers. Elayne Robinson Grossman director. Meo-delssohn, Bonia Shur, Simon Sar-gon, Ben Steinberg, Cantor David-soo, Lewandowaki, Janowski (Tue); Raul Sunico piano recital. Schu-mann, Barber, Ravel, Liszt (Wed). 67th W. of Broadway (362 8719). Bargermaic (Fultoo Ferry Landing):

Chamber music concert with War-reo Lash, cello; Charles Neidich, clarinet; Diane Walsh, plano. Debussy, Beethoven, Brahms, Brooklyn (624 4061).

CHICAGO

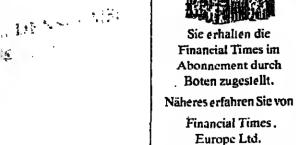
Chicago Symphony (Orchestral Hall); Andrew Davis conducting: Mitsuko Uchida, piano. Britten, Beethoven, Prokoliev (Thur). (235 81tt).

#### TOKYO

NHK Symphony Orchestra, conducted by Hiroshi Wakasugi, Mahler, NHK Hall (Wed, Thur), (485 1780).

combination of glazes and a vigorous mounted lady polo player in mid-strike are all expected to top £100,000. By no means the most altractive piece

price of £20,000-£30,000 is expected for a slightly earlier grimacing Harlequin from Meissen modelled by Kändler. The most glorious piece, however, his his madonna and child of around 1738. The madonna's



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### **FINANCIAL TIMES**

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Monday June 9 1986

# An important Chinese visit

RELATIONS between Britain too beginning in 1983 when disagreements and mutual suspiction over the future of Hong Kong provoked a crisis of confidence in the colony and severe strains between the two closer look at Li Peng, the 57-centering.

by Hu Yaohang, general accretary of the Chinese Communist Party, is part of this process. It also adds an extra dimension to the developing relationship.

#### Symbolic importance

For apart from being a member of the all-powerful five-man standing committee of China's ruling politburo and hence directly involved in state policy. Hu is also head of the country's communist party. His visit to Britain at the start of a European tour, the first such viait by a Chinese Com-munist party secretary, is of considerable symbolic import-

The general secretary's visit The general secretary's visit follows a similar trip last year hy Preotier Zhao Ziyang and precedes a visit to China this autumn hy the Queen.

Beyond the purely bilateral nature of the trip, Hu's visit ia part of a wider western effort to draw the pragmetic new China of its naramount leader.

China of its paramount leader Deng Xiaoping, into a closer involvement with the West, thus strengthening the impetus in Peking for economic liberallsation at bome and moderation abroad

Hu's visit will hopefully be more than a merely ceremonial affair. For it should be an affair. For it should be an excellent opportunity for British ministera to refine their assessment of China's ruling triumvirate — Deng Xiaoping, Hu Yaobang and Zhao Ziyang — and their chances of maintaining the present pragmatic course in the face of persistent left-wing opposition.

Much depends on Deng's counter revolution, not least the future of Hong Kong, Over the past few months fears of a progressive future and as such are worth cultivating.

and China have come a long corruption and crime have led way since the difficult days to a number of challengea, some

countries.

Not only is there a clearer understanding helween Peking

year-old deputy prime minister and China's leading technocrat who is strongly favoured to suc-

Not only is there a understanding helween Peking and London over Hong Kong. there is also e growing weh of mutual interest which is helping to reinforce the healing process.

This week's visit to Britain this week's visit to Britain general accompany and the not unreleted issue of Sino-British trade. Over the past few months Britain and significant China have made significant strides in fieshing out the joint declaration on the colony'a future signed in 1984 under which Hnng Kong reverts to the

meinland in 1997.

A major clash over the issue of political reform in the colony has been avoided, while imaginative efforts by officials from both sides have found satisfactory adultions to issues such as Hong Kong's membership of the General Agreement on Tariffs and Trade on Tariffs and Trade.

#### Vital questions

However, a great deal remains to be done. Vital questions such as the composition of the colony's future legislative body, the extent of the power of the chief executive after 1997 and the role of the chief army have yet to be Chinese army have yet to be determined, Britain should use this week's visit to reinforce the case for continued pragma-tism on China's part.

The talks with Hu's 40-strong delegation should also provide

an opportunity to press for greater British involvement in China'a economic modernisation drive. Despite some recent suc-cesses by British exporters to China the UK's European com-petitors are still doing better

# Rival plans for space launchers

face a real test over the next year in the somewhat abstruse area of spare launchers. The subject has had more than its cent months, as a result of a British Aerospi string of US launcher accidents, The Hotol (1) usual share of attention in refollowed by the rerent failure of western Europe's Ariane rocket. This was the fourth failure in 18 missions for Ariane and has led to a suspension of breathing engine, which does flights that may last several

Space engineers in both the US and Europe are doing their best to shrug off these accidents as no more than a run of had luck. They are probably right. Putting objects in to space, at least on unmaoned rockets, is an activity that the world had every reason to helieve it mastered a decade ago. The current hiatus in the West's satellite launches is largely the result of production problems in rocket-assembly plants.

Apart from causing rocket engineers to improve quality control, the delay has concentrated the minds of space planners on the next generation of space launchers. For Europe, this represents a hig challenge. The development of Ariane, spearheaded by France, which has put up 70 per cent of the funds, has given Europe the chance to make the most of developments in space tech-nology over the next two or three decades. Ejecting inlo space unmanned satelliles and other payloads such as workshops for scientific experiments

#### Alternative approach

This is where European tecbnological collaboration will be tested. Through the 11-nation European Space Agency, which masterminds the continent's extralurrestrial activities. West European nations have already decided to develop, at a cost of ahout £1.3bn, a beavy-duty form of Arlane, called Ariane-5, aa the launcher for the mid-1990s. The vehicle is conservatively designed and will need no major leaps in technology.

What follows Ariane-5? France wants Europe to agree to spend about fibn on Hermes. small manned "space place" which the heavy-duty launcher would lift into orbit.

In the past year, Britain has pul forward another proposal judge the project with more which does not directly conflict confidence.

WESTERN EUROPE's colla-boration-minded technocrats divert attention from it. The UK wants Europe to think about backing an alternative approach for taking objects into space, based on the Hotol concept of Rolls-Royce and

> The Hotol (Horizontal Take Off and Landing) vehicle would away with the need for huge tanks of liquid oxygen and so cuts launch costs dramatically. Hotol is still on the drawing board and needs another year of theoretical studies. To deve lop a Hotol vehicle, which would be ready by around 2005,

#### World beating

France is deeply suspicioua about Hotol. Britain has failed so far 10 supply all the details ahout how Hotol would work these are classified to protect wbat Britisb Aerospace and Rolls-Royce think is a commercial lead and also because of the craft's military potential— and France is not convinced the idea is sound. Moreover, Britain'a lobbying efforts on behalf of the new vehicle could be seen as an ettempt to stop

There have been some suggestions on the British side that if Europe does not want to back Hotol, the UK may seek collaboration with the US.

There is no reason, however, increasingly should not work together in this area. The best ideas from the Arlane programme, temperated with innovative suggestions of lager, Hofmeister. pered with innovative suggestions from the Hotol team, could be fused into a world-beating way into the households of the launcher project for the next century. A precedent for this type of collaboration is the Joint uropean Torus, an experiment that could lead to a hreakthrough over the next decade in generating energy by nuclear fusion, which is being assembled by a multinational team in Oxfordshire. Britain should consider hosting, early next ear, a European conference on Hotol to explain the ideas fully to its European partners and to explore ways of working with France's Ariane engineers. As a first step, the country should issue more explicit details of how Hotol is meant to work to

### In the first of a series, Peter Marsh explains why many British high-technology companies have failed to reach maturity

# A dream they never sold

the ground for a world-class industry in the fast-growing area of computerised design and

manufacturing.

Having developed bighly regarded products in computer-aided design and manufacturing (CAD/CAM), which is used both to design new products and program the tools to make them, British companies failed to organise effectively and to make inroads in selling in the US, which accounts for roughly half the world market in this

As a result, in the past five years, four youthful British companies in CAD, all of them with promising products hut abort on marketing skills, have been purchased by much bigger US groups.

It was "like a marathon run-

ner who sits down 10 minutes before the end," says Mr Charles Foundylier, president of Daratech, a Massachusetts

of Daratech, a Massachusetts consultancy.
Today, UK-owned companies are also-rans in the \$5hn-a-year CAD/CAM business, which is growing at about 25 per cent a year and in which US enterprises account for some 70 per cent of sales. It is a particularly dispiriting example of Britain faiting to turn good technical ideas into a commanding commercial position. ing commercial position.

More than this, the tale illus-

trates the general problems in the UK of building up signifi-cant husinessea based on the activities of small, technology-oriented companies. Such developments are widely thought to be crucial to Britain's future. Further articles in the next few days will examine case studies which bighlight the cultural and management impediments which can stunt the growth of such companies.

The CAD/CAM story starts in the service and

the early 1960s. Aerospace and car companies, including Lock-heed, Boeing and General Motors in the US, and Dassault

up expertise by using CAD to marketing. It ran itself as a design radar parts, started a form of co-operative, not division to sell CAD systems, appointing a managing director Today the company is a minor until 1983.

Redac) to develon CAD exper-tise for printed circuit boards. built up to sales of £40m annuEven now, Mr Wolfendale, ally, four-fifths exported and is who left Racal in 1982 and runs

s RECENTLY as five years supplier.

ago, Britain had a golden opportunity to lay ments was centred on Camments was centred on Cam-bridge. In 1965 the university's computer laboratory started a CAD group, headed by Dr Charlas Lang, a mathematician who had become interested in the technology during a spell at the Massachusetts Institute

of Technology.
Cambridge University has been one of Brilain's leading centres in computing skills since the Second World War.
To ensure that more of these ldeas permeated into industry, the Wilson Government established the CAD Centre, e state-funded laboratory. It opened in 1969 on the outskirts of Cam-

The plan worked, up to point.
More UK companies became
acquainted with CAD/CAM acquainted with CAD/CAM
Ideas. But no large company
was aet up to aell the technology to industry.

Instead, a dozen or so small
concerns, led by people either
leaving the CAD Centre or the

leaving the CAD Centre or the university's computer laboratory, were born.

All found it difficult to build up a commanding position in the industry, which by the end of the 1970s, was already dominated by big US names such as Computervision, IBM, Calma, Applicon and Intergreph. In 1979, world sales of CAD/CAM were worth only about \$300m, roughly a 16th of the total today, but, even then.

about \$300m, roughly a 10th of the total today, but, even then, US companies accounted for some 90 per cent of the market. One of the few British com-panies which seemed to have the technical skills to dent this dominance was Shape Data, which four academics from Camhridge University, including Dr Lang, started in 1974. The four act up in business almost by accident, largely because their grants ran out.

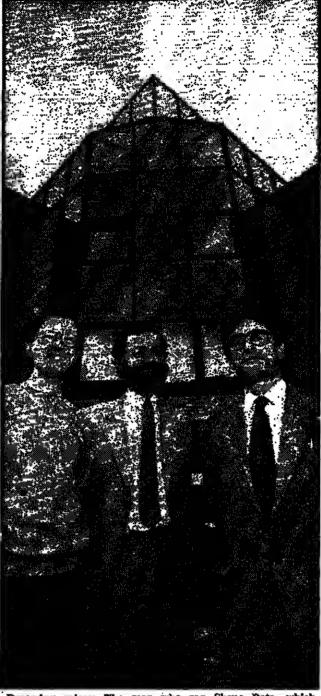
None the less, Shape Data attracted worldwide attention by developing Romulus, a highly thought-of software product for visualising engineering items in three dimensions. In France, were among the early pioneers.

In Britain there were four reached £500,000, and Dassault thems in three dimensions and powers, took off slowly and by 1981 had only reached £500,000.

The company made no secret about preferring research to

into Mr Wolfendale on his bicycle.

the country's leading CAD/CAM a research company in Chelten-



Dreaming spires: The men who ran Shape Data, which preferred research to marketing. From the left: Dr Alan Grayer, Dr Ian Braid and Dr Charles Lang

The big US companies did not take long to show their interest in the UK minnows, Later in 1981, Dr Lang and his In charge of the Tewkesburybased company was Mr Eric
wolfendale, who bad worked
In the 1950s. Racal-Redac bas
will us to calca of 640m annu.

We felt their dreams didn't interest in the UK minnows,
Large in take long to anow their interest in the UK minnows,
Large in take long to anow their colleagues sold their company for \$2.5m to Evans and Sutherland of Salt Lake City, a conform."

Evan now Mr Wolfendale. which had previously distributed Romulus in the US.

Today the company is a minor player fn the industry.

Also in 1968, ex-Plessey engineers set un Dorset-based Quest Automation, which sold CAD systems for electronics academics be would like to take design. Quest made good progress for a while, hnt three years ago sold its CAD operations to Marconi after hitting financial problems.

A more fruitful activity began in 1965 when Racal, the UK electronics group, set up Racal Research (later Racal- Redac) to develon CAD experiment. Veenman, remains in charge of the company, now 90-strong, which retains its name but is fully integrated into the US

> Compeda, set up by the UK Government in 1977 to market products from the CAD Centre rbicb had previously was also to fall prey to a hig listributed Romulus in the US. US concern. A subsidiary of the According to Dr Alan Grayer, National Research Development

Corporation (a government organisation now part of the British Technology Group), it encountered financial problems and was snapped up for ahout £1m in 1982 by Prime Com-

puter.

The most spectacular rise of any British CAD company was that of Cambridge Interactive Systems (CIS), set up in 1977 hy four ex-managers at the CAD Centre. After dabbling in computer graphics for TV commercials, the Cambridge company charted in 1979 an inspired relactais, the Cambridge rela-tionship with Hunting Engineer-ing, the Ampthill-based defence

ing, the Ampthill-based defence contractor.

Out of a chance inquiry from Hunting for new CAD software that would be an advance on anything the US giants could offer came a set of computer programs celled Medusa. "It was a bumdinger of a product." enthuses Mr Norman Williams, CAD manager at Hunting.

Medusa was not only a hit with the Ampthill concern. In independent tests performed as recently as 1982, it outperformed comparable products from much bigger US companies auch as Applicon, Intergraph and Calma.

CIS's annual sales started to

and Calma.

CIS's annual sales started to quadruple each year, reaching 210m by 1983. This posed unexpected difficulties for the founders.

All were, in the words of Mr Tom Sancba, until last yeer the company's chairman. "programmers who had struck lucky. We could harely manage ourselves, let alone a growing company." An effervescent character wbo studied computing at Cam-bridge University and lasted

pridge University and tasted nine weeks in his first job with IBM because he disliked the regimentation. Mr Sancba recalls the early period at CIS: "Until Medusa, we had three idyille years. We were a bunch of paper lets of paper." years. We were a bunch of friends baving lots of people drooling over us and saying how wonderful we were. Then we bad a phenomenal success on our hands and life became a problem."

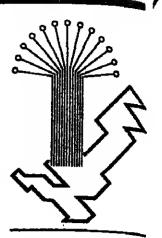
In 1980 CIS decided against setting up a separate subsidiary In the US to sell Medusa, in-stead concluding a basty distribution agreement with Prime.

Two years later, when the Cambridge company had fallen out with Prime, Mr Sancha and his colleagues attracted the attention of Computervision of

the US.
The Massachusetts concern, which started in 1969 and dominated the early years of the CAD/CAM industry, operated in a different world from the Cambudge gradual to 1981 if acbridge group. In 1981, it accounted for a full 30 per cent of the world market for CAD/CAM, with revenues that year of \$271m of which \$32m was profit.

flew to England on Concorde, took the CIS partners out to dinner and made them an offer they could hardly refuse; cash and shares worth \$35m, enough to make them rich beyond their wildest dreams. By early 1983

The fourth UK concern to fall into the hands of a big



US company was Applied Research of Cambridge, started in 1969 by a group of Cambridge University architects to develop design software for construction and mapping. By last year it had grown to about 100 staff and annual sales of £9m. Last summer. McDonnell Douglas bought it for \$1.7m, having datributed the UK enterprise's products in the US sioce 1941. How did it all go wrong? Certainly not through shortage of Ideas about rationalising the UK industry.

Before the Computervision takeover, Rediffusion and GFC Industrial Products had considered hids for CIS. And at Racal-Redec the indefatigable Mr Wolfendale nad on several occasions tried to cement a relationship with the CAD Centre by acting as the laboratory's marketing outlet.

tory's marketing outlet.
Software Sciences (later owned by BOC and today a subowned by BOC and today a sub-sidiary of Thorn EMI1, and Cambridge Consultants put in formal offers for the CAD Centre after the Government in-vited privatication bids in the vited privatisation bids in 1976.
The laboratory finally moved into the private sector seven years later. It is now run by an ICL-beaded consortium and expects to turn in a profit for the first time this year on sales of about £8m.

As for the Government it was only in 1982 that the Indus ry Department tried unsucces-fully to promote the merger of Racal-Redac. Ferranti, Queg and Compeda (the latter before becoming part of Prime Computer).
Two fectors stand out from

the atory. No one — except perbaps Mr Wolfendale, whose efforts came to nothing — was able to convey with sufficient. authority the economic logic for putting the smaller concerns to gether.

As Mr David Thomson ex-cbairman of Compeda who is now in the venture-capital industry, puts it: "The CAD" industry, puts it: "The CAD: companies were run by clever, individualistic people who didn't like losing their freedom." Life in Cambridge running these companies were quite agreeable. Who wanted to be involved in all the bassles of the companies were agreeable. mergers?"
Second, apart from Racal-

Second, apart from RacalRedac (which set up its own US
subsidiary early on) the UK.
CAD-companies largely ducked
out of the challenge of selling in
the US. Instead, they preferred to sell via distributors over which they had no control (and which in two cases in a coneventually bought them).
To sell in the US. says in To sell in the US, says Mr Foundyller of Daratech, the consultants, "you have expend energy. You have kick some asses and take On this occasion, the UK had a weak kick and OR had a weak kick all suffered extreme myopia il weighing up the opportunities. The second article in this series will be published on the Menagement paper on Wadnesday.

#### **Baldock joins** Guinness team

Ernest Saunders, baving hecome a member of the select group of British bossea who can claim to have assembled rich

and prosperous husinesses in double-quick time, is now entering the second stage of his Guinness management. He is divesting his day-to-day anagement responsibilities to

men with proven track records. Brian Baldock, aged 51, left his desk at Imperial last Friday (as managing director of lelsure and retailing) and today takes over the Guinness non-drink

interests. He joins the board as an executive director to complement the only other executive director Vlc Steele (formerly Beecham), who Saunders brought in recently to run the drinks side. Saunders likes to work his senior men to an 8-day week— with cosy telephone chats on

Sunday mornings as a relaxation from the office grind. Baldock will not mind that sort of regime. He is a con-fessed marketing worksholic. He cut his teeth in the trade— as did so many—with Procter and Gamhle, leerning to sell in Europe and the US.

He admires Saunders' bellef in the power of brands. In bis

At .Guinness Baldock will have charge of retailing (some 1.200 storea), health (including the Champneys retreat and health foods), and publishing— the Guinness Book of Records. the Guinness Book of Records. been several times repeated Saunders, Steele, and Baldock, since recently by other business ere all marketing men to their fingertips. They should enjoy swapping ideas. But will the concentration of marketing talent leave the Guinness board light on other skills?

### Semi-detached

Amid all the furore over Alliance aplits on defence policy much has been made of a Gal-

### **Men and Matters**

dates on nuclear issues.

PRA describes itself as a political consultancy. But it is not quite as detached as it

Among its patrons are those highly committed campaigners, Lord Chalfont and Norris McWhirter, as well as the Con-servative MP and defence specialist Edward Leigh. Indeed, in the announcement,

the director of PRA. Dr Julian Lewis, notes that the survey was commissioned in consulta-tion with the Conservative research department. Towards the end of last week

it was a member of the Con-servative Central Office press ataff who found the time to dis-tribute the findings at West-

#### Salutary tales

The trend was probably started by In Search of Excellence, a business book written by Thomas Peters and Robert Waterman, which bi-jacked the best-seller list in the US.

Sucb a lively performance by a husiness book was unknown among publishers. But It bas books including Lea Iacocca's life story as a Detroit car baron -still breaking aales records-and The One-Minule Manager. Publishers on both sides of the Atlantic are now falling over themselves to produce more books on excellence in

business management - preferably wilb the racy touch that dad put back the re-opening lacocca threw in. Iacocca threw in.
Impressed by the publica at the earliest because, they new appetite for business books explained, of problems with the lup survey showing divisions the Publishers Association has freezing equipment.

among SDP and Liberal candi- organised a British promotional campaign for books concerned with commerce and industry. It But less has been said about Policy Research Associatea, which is the hody that commissioned Gallup.

Campaign for books concerned with commerce and industry. It la formally linked with Industry Year. But the 90 bookshops, which will be holding in store promotions during the second half of June, will all be boping that one of the authors on offer will prove to bave the Iacocca

> I asked Nigel Oxbrow, direc-I asked Nigel Oxbrow, director of Business Bookshop, next door to the London Business School for a hot tip. He favours The IBM Way, by Buck Rodger, which tells why the world's higgest computer company and its special philosophy, has proved auccassful.

#### Thin ice

touch

Donald Trump, aged 39, the New York property tycoon, was last beard of trying to drum up aupport for a \$2bn plan to build the world's largest skyscraper in Manhattan. His new venture, the pro-

in Central Park, is a more modest affair. Yet it is proving just as controversial as many of his previous adventures in the property world. Trump, in common with many New Yorkers, has watched with

posed rebuilding of an ice rink

ingly simple task of refurbishng the old Wollman ice rink, a familiar venue for generations of New Yorkers learning to The rink was closed five years ago and was aupposed to open

amazement at the way city officials have fumbled the seem-

pity." two years later. But it is still closed. And a few weeks ago city officials revealed that they

That was too much for Trump. He fired off a letter to New York's mayor, Ed. Koch, pointing out that be bad built extravaganza, in just 26 months. and had built many other developments. in double-quick time. Give him four months he promised, and be would fix the skating rink for nothing.
All he asked in return was the right to operate the rink and an adjacent restaurant.

City officials are embarras-sed by the offer. Some of them fear that Trump wants the rink so that he can rename it after bimself, as be bas done with his various hotels and casinos. However, after a week of deli-

cate negotiations, Trump has finally been given the \$2.5m contract for the rink — be has promised to make over his profits to charity. But the episode has a deeper significance to sharp New Yorkers who are now asking how it is that Trump can re-

### build the rink four times faster than the city's best estimates if it had done the joh ltself. Colour problem

High security at European air-ports is having some strange effects. A man from the Dutch news-

paper Trouw arrived back at Schiphol from a foreign trip carrying a copy of the FT perceptive chap. As he went through the Green Channel be was challenged by the customs offier, "What sort of a newspaper ia that?" "It is the Financial Times."

"Has it always been that colour?"
"I don't know," The officer looked through the paper as if he suspected it bad a false bottom, shook it, and then handed it back to the Dutch journalist muttering, "A

### Farewell summer

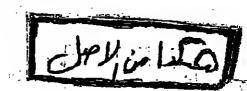
Christmas will be arriving in September this year in Jermyn Street," I read in the British Tourist Authority Bulletin.

Observer

### BASE LENDING RATES

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laration of Intent to throw over the nuclear weapons limits ensbrined in the 1979 Salt II treaty continues to generate heated controversy on both sides of the Atlantic. Demo-crats in the US have denounced it; European governments hava deplored it; the Russians bave threatened counter-retaliation, and warned that It could jeopardise the second Reagan-Corbachev summit due some time later thie year.

But the interesting thing is that the controversy is not as heated as one might bave expected. The Russian condemnetion, in particular, seems muted and formal. They have protested, but the tone of their protest has been carefully con-trolled, and their threats of have deliberately non-specific and

The explanation President Reagan'a will not be implemented until November or thereabouts and has been hedged with a let-out clause; if the Soviet Union does some-thing to deal with American accusations that it is already violating the Salt II treaty, or perhaps if the Geneva negotiations on new arms control agreements start to make real progress, Washington might "take this into account." In theory, therefore there amid theory, therefore, there could still be just time to still be just time to avert the worst. President Reagan bas allowed the bewks in bis administration to push his water. logged canoe towarde the rapids, the waterfall is still five months away, can any of the available rescue teams paddle fast enough to rescue him in fullowing Precident Reagan time? It may be doubtful, but

There may also be a second explanation. From a bigher vantage point in the canyon, it looks as if the waterfall is not, after all, a waterfall but a series of steeply descending pools.
Deeply dangerous, of course,
especially for a navigator who
does not know one end of a
eanoe from the other, but not
necessarily and absolutely ter-

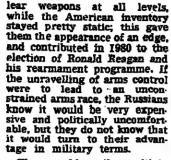
The equipping of one extra B-52 with air-launched cruise missiles beyond the limits permitted under Salt II would be a very important political step to take, but in military terms it would be meaningless; and the same distinction would the same distinction would apply if the Russians were to match a symbolic American violation with an exactly equivalent violation of their own.

Eventually, a process of titfur-tat might start to effect the military balance, especially if latest move, even if be splashes and ebove all no interest, in down the rapids. During tha 1970s they built up their nucfor tat might start to effect the military balance, especially if

**FOREIGN AFFAIRS** 

# A Soviet paddle, perhaps, for Mr Reagan's canoe

By Ian Davidson



They could easily multiply the numbers of warheads on top of their beavy land-based mis-siles. But the US bas a large number of new weapons systems in deployment or development: the MX land-based missile, the Trident D-5 submarine-launched miseile, tha B-I bomber, the Stealth bomber, the Midgetman small mobile missile, and advanced cruise missiles. accuracy of these weapons may enable them to destroy hard-ened military targets; so that the multiplication of warheads on the Soviet SS-18 sile-based missiles, which until now bave looked particularly threatening to America's land-based mis-siles, might instead start to look like a serious point of Soviet vulnarability, at risk to an American first strike. President Reagan'e freedom

President Reagan'e freedom to go down this road is currently constrained by Congressional support for arms control defence spending. But the Russians cannot be sure that these constraints would not be lifted if they are seen to be engaging, on their side, in a new arms on their side, in a new arms race; nor can they be sure that a new arms race would not be used to restore urgency and legitimacy to President Reagan's Star Wars programme which, even if it never results in any effective defences, would cer-tainly drive the development of bigh-technology weapons in which the US has overwhelming advantages.

In other words, the Russians



to the bettom, with outstretched to the bettom, with outstretched hands to drag the leaky craft to the side, and by skilful and determined poterage bring it back up to the calmer waters of Arms Control Reach. It would not be easy; but it might be conceivable.

One tantalising hint of an out-One tantalising hint of an out-stretched Soviet hand emerged the same week that President Reagan launched himself down the rapids: in Geneva, the Soviet delegation made what could turn out to be a radical shift in its attitude to Star Wars.

> 15 or 20 years. The proposal makes sense in

> sians are now proposing instead a guarantee that there would be

no testing or deployment for an extended period—say 15 or 20

political as well as in arms con-trol terms. Last November's Genava summit meeting made clear in Mikhail Gorbachev, if he did not know it before, the depth of President Reagan's perfect sanctuary from nuclear weapons. Whatever else may be ettainable in the arms control negotiations. President Reagan will certainly not agree to an explicit renuncietion of that

Fewer and fewer people now seriously believe that any amount of high technology could ever take America to the end of thet particular reinbow. I recently met an analyst at a leeding US military research establishment, which is trying to work out how e defensive system could be deployed without being vulnerable to Soviet counter-measures. In the process, the researchers bold formal debates. "The trouble is," he said, "that everybody wants to be on the Red (ie Soviet) team."

An arms control seminar the other day was considering whether it would be possible to make a safe transition to space-based defences. The conclusion? Very, very difficult. A military-research analyst at the seminar described e study of the more limited problem of ground-based defences, to protect missile silos, for example, as permitted under the ABM treaty. Question: if both sides are allowed the same number of interceptor missiles, which interceptor missiles, which number ie best for the US? Answer: Zero.

endorsed by most US experts, though it has recently been con-tested by some Administration lawyers.) In what seems to be e mejor shift of line, the Rus-Rational analysia will not release Mr Reagan from bis dream, bowever. So if there is to be an arms control agreement, it must encompass a contradiction; the President must be able to claim that Star The ABM treaty is in principle of indefinite duration; but it can be denounced by giving six months' notice. The implication of the new Soviet proposal is not merely that the wording of the ABM treaty would be tightened to exclude any slippery Interpretation but Wars Is still alive and well: the Russlans must have near-certainty that the dream will remain a dream until long after Reagan bas gone. Perhaps that contradiction can be reconciled by lengthening the denunciation

any slippery Interpretation, but that this six-month demuncia-tion notice would be changed to A long denunciation period would also match the needs of any plan to cut strategic nuclear weapons. For mutual confidence,

deep reductions would have to be phased over, perbaps, 10 years. Presumably the new lower totals would stay in force for several more years, say five.

Administration reaction to the Soviet shift is predictably divided. The doves seem cautiously interested; the hawks describe it as a trap, because they fear that it could skewer Star Wars on the elab. In the most optimistic scenario, the Soviet bint could presage the beginning of movement in the Geneva negotiations; if movement led to real momentum, the prospects for arms control and for e summit later control and for e summit later this year could be transformed; and in that case, the deploy-ment of the extra B-52 would scarcely matter.

Moreover, in exchange for the long-term stability of a new arms control agreement, the Russlans might be prepared to rectify violations which they deny in the context of the old.

But it is obvious that the most optimistic scenario is not the only one; indeed, the cards look stacked against it. The Soviet shift may be encouraging in theory, but it will not by itself achieve enything. Mr Gorbachev may think that he is offering a significant concession on Star Wars, and from bis point of view be is right; hut President Reagan will regard it President Reagan will regard it as an American concession on Star Wars, without a compensation lng advantage. He will not bang heads together in Washington and come down decisively in favour of arms control, unless tayour or arms control, unless e major agreement on the control/reduction of offensive weapone, on terms which the bawks cannot plausibly reject, comee within reach. Until the Russians start to move on this front, optimism will be just wishful thinking.

The real danger in the sbort and even medinm term is not that the 131st B-52 bomber will trigger the unstoppable process of a new arms race, nor thet or a new arms race, nor thet it will lead to a major crisis in relations hetween the two superpowers, but that it could start a major quarrel between the US and its European partners. The Salt treaties may not have done much to contain the arms race, but they are what we bave; to throw them eway like that looks recklessly irreslike that looks recklessly irresponsible. The question facing Mr Gorbacbev is this: would such a quarrel belp the Soviet Union, and should he try to foment it? If it played into the bands of the quasi-neutralists in Europe, like the Labour Party, the answer is yes; if it strengthened the position of those, like Mr David Owen, who argue for a stronger European argue for a stronger European defence identity, the answer is no. Since be cannot know which is more likely, I suspect be will play safe and try to rescue Reagan from the rapids.

### Lombard

# How the dollar has fallen

By Samuel Brittan

balance to respond to dollar depreciation will strike a chord with those who bave long

November 1967 — so long resisted by the then Mr Herold

When devaluation occurred, there was e seemingly endless wait before any effects were seen on the UK balance of payments, and during this wait ell lhose who believe that all elasticities ere zero—and that in any case devatuetion ie immoral—were delighted to say: "I told you so." It was not until the summer of 1969 that decisive evidence appeared in a turnround in the British overseas treding account. treding account.

The devaluation of the dollar has been followed by a similar has been followed by a similar trein of events. In spite of a single good month on which President Reagan went to town, the OECD expects both the trade and current deficits to be this year in the \$130bn to \$140bn range—higher than in 1985—with only a small improvement expected next year. Part of this sluggisbness re-

the J-curve. After a develustion. import prices tend to increase straight away in doller terms thus boosting the import bill, while exports take time to strengthen. The OECD projec-tions do show US export volume rising in the course of 1987 by 11 per cent, compared with only per cent for imports.

Nevertheless, many people— not least an Administration worried by protectionist pressures from US producers—would like faster progress, One scapegoat that bas recenlly emerged is

THE SENSE of restlessness so the dollar's exchange rate THE SENSE of restlessness so clearly being felt by Mr James against developing countries, Baker, US Treasury Secretary, which account for 36 per cent at the slowness of the US trade of all US imports. In many balance to respond to dollar cases, this rate bas actually American countries.

This scapegoat has been slein For it is all terribly remlnis- by Salomon Brothers, which cent of the period after the published in its Mey 30 Comdevaluation of sterling in ments on Credit the table up-November 1967 — so long dated bere. The "broad coverments on Credit the table up-dated bere. The "broad cover-age" dollar index which in-Wilson with an emotional cludee developing as well ee obstinacy reminiscent of Mre Industrial countries, has indeed Thatcher's present attitude to depreciated much less than the Thatcher's present attitude to the European Monetary System.

When devaluation occurred, there was e seemingly endless wait before any effects were seen on the UK balance of payments, and during this wait ell lhose who believe that all elasticities ere zero—and that in the dollar has been pretty similar, on whatever index it is measured.

The OECD "competitiveness" The OECD "competitiveness" indicators show, for whet they ere worth, an improvement in US labour coste, relative to Japan, after adjustments for dollar devaluation of more than 40 per cent compared to 1922. In export prices the gain is less, but still g per cent. In the case of West Germeny, the deterioration in competitiveness. tion in competitiveness, be-tween 1982 and 1985, has at least been eliminated.

Secretary Baker keeps saying that either other countries must expand demend or they must let the dollar depreciate still further. But the problem mey lie not in any inadequacy of either not in any inadequacy of either dollar devaluation or world demand, but in the gap between US domestic savings and investment, of which the structural Budget deficit is but an aspect. The probability is that Gramm-Rudman and other changes will gradually reduce the savings deficiency. This, with the unwinding of the J-curve, will gradually reduce the US payments deficit, both absolutely and still more as a proportion of GDP. The danger both to the US and the world is no longer the US payments deficit but misguided attempts to cure it faster. to cure it faster.

#### CHANGES IN US DOLLAR TRADE-WEIGHTED INDEX February 1985-May 1986

· · · · · · · · · · · · · · · · · · ·		<del></del>
	Sources: Morgan Guara	nly, Salomon Bros
road coverage forgan Guaranty Index	-11.2	-20.6
ndustrial countries Horgan Guaranty Index	-22.5	-25.3
	Nominal %	adjusted %

### **Eight years** of litigation

From the Director, Association Contractors

Sir. — On page 1 the recent White Paper on copyright, "Intellectual property and innovation" (Cmnd 9712) states: The benefits of any intellectual property system are seriously undermined if the associated legal machinery is too slow, too complicated and

The White Paper also says:
"The Government . . . proposes to extend the existing jurisdiction of the Performing Right Tribunel to enable it to dater-mine disputee arising between licensing bodies and persons or organisations requiring licences in all arees where there is a licensing scheme operated by a

radio stations by Phonographic Performances Ltd (PPL), on behalf of the majority of UK record companies.
In 1980 the PRT conducted a

hearing which lasted 80 days.
Dissatisfied with the PRT's Dissatisfied with the PRT's decision, the essociation applied to the High Court, as provided for under the 1956 Copyright Act, for the PRT to be required to "state a case" for the opinion of the court.

In 1981 a High Court judge ordered the PRT to etate a case.

In 1983 the PRT produced the cesc slaled. the cesc slaled.
In 1984 another High Court judge heard six days of areyment from the association. PPL and the Musicians' Union. which had intervened on a

number of points of law the association had raised on the In Jenuary of this year that judge produced bls judgment, in which he directed the PRT

to reconsider the metter. As I write, the association is trying to persuade the PRT with some resistance from the PPL and the Musicians' Union to carry out the judge's direclions as soon es possible, which in legal time-scales appears to mean not before July at the

The associetion first gave notice of reference of the PPL agreements to the tribunal on October 6 1978. Our experiences thus far do not give us any confidence that the issue will be resolved before the ninth

anniversary of that date.

These eight yeers of litigation, via the PRT system, have cost a smell industry, composed of little local companies, the best nart of £500 000. In aggregate they have almost certainly cost the "other side." PPL and the Musicians Union. rather more, yet the matter is far

from being resolved. Has the system been sbown

### Letters to the Editor

cated and too expensive," or are the radio companies' expectations of justice unreasonable? Has the PRT proved that it is a suitable body to have its jurisdiction extended, or should the mechanism be thoroughly examined and overhauled before it is given any more work? Brian West. 259, Old Morylebone Rd, NW1.

Growth that may never happen

From Mr 1. A. Wright
Sir,—Samuel Brittan (Juna 5) is right to call into question the consensus assumption of accelerating world growth in the latter half of 1986. Unfortunately be does not go far

That the initial impact of the recent sharp fall in oil prices would be defiationary in terms of world output should have been obvious to anyone pre-pared to give the problem bappy to go along with the unthinking suphoria thet was the conditioned reflex reaction of City and academic econo-

mists.

The first-round effect of lower oil prices la to reduce incomes ln oil-exporting countrles and, since most of these countrles are already running substantial balance of payments deficits with little scope for increased borrowing, there will be a consequent reduction in consumption. The industrialised countries will be better off. But the major beneficiaries, e.g. Germany and Japan, ere already enjoying substantial balance of payments surpluses, i.e. they are payments surpluses, i.e. they are net savers. There bas thus been a substantial transfer of income savers and hence a short-term reduction in aggregate demand.

Whether the madium-term effect is to increase or reduce total output depends on how the industrialised countries react to their windfall gain. The current obsession among governments for containing or reducing budget deficits does not give ground for optimism on this

industrialised country governments attempt to keep their spending from rising in real terms (as inflation falls). then the benefits flowing from lower oll prices will be diverted into reduced borrowing, thereby offsetting some of the expected boost to consumer demand.

Lower interest rates might be expected to stimulate activity, but progress so far has been cautious. Although nominal

to be "too slow, too compli- interest rates bave fallen, in real terms rates remain excep-tionally blgh. Unless further action is taken in the major industrialised countries to relax fiscal and monetary policies and allow consumers to enjoy the benefits of lower oil (and other commodity) prices we may never see the "golden age" of high growth and low inflation that is widely expected. Instead the world economy could drift into a falling ontput, falling Ian A. Wright, The Old Stables Blue Coat Yard,

Payment on

Ware, Herts.

From the Director Development Capital Corporation

Sir,—It is alarming to read (May 28) that the bead of the technical advisory department of the Institute of Credit Manegement continues to champlon the myth that blg companies are to blame for failing to pay

I would draw Mr Walker's attention to the survey I carried nut into receivables manege ment performane in medium sized companies, which was re-ported in the Financial Times on October II 1983. The study's findings highlighted thet prompt payment was essentially about the attitude and practices of tha payee, not the payer, The sooner businesses of all eizes realise the solution to prompt payment is in their own hands, the more positive their cash flow! Janusz Heath.

A fair share of the surpluses

103 Mount Street, W.1.

From Mr C. E. Quinney Sir,—Mr McShee's interesting riposte (Letters May 30) to your leader on "Raiding the pen-sion funds" rightly stresses the origin of occupational pensions as a benefit promised by em-ployer to employee; but his attempt lo justify employer clawbacks of surpluses ignores three points. 1-The impact of inflation on

frozen benefits end benefits in payment. There must at least be a moral, if not a legal, pre-sumption that the benefits to the employee would, or should maintain their real value. 2—Contrary to Mr McSbee's be excluded from the assertion, an implied part of the profits of industry? occupational pension "deal" is that the employee and employer will each maintain an agreed Neasham, Durlington.

perceotage of current salary contribution to the pension trust fund; at least until the benefits promised, including protection against inflation, have been met.

3—It is precisely because of 2

narrow legalistic approach to rights and obligations under occupational pension schemes by some employers that many commentators now believe only legislation can ensure that basic rules and standards which are fair and acceptabla to

are fair and acceptabla to society at large are applied. These include a minimum level of pension rights for given contributions; adequate transferability and/or the right to opt out of a company schema; and a maximum level of self-investment by pension fund in the company's own shares. Surpluses should be devoted first to inflation compensation for existing or future pensioners, second to returning to companies any extra payments which might bave been made to keep the fund aftoat in bad times (as many companies did in the mid-to-late 1970s) and third, for any surpluses still remaining to be shared equally between company and scheme members.

MeShae may be right his.

members.

Mr McShee may be right historically and legalistically, but it is hard to see many people disagreeing with the ebove as a broad framework within which the pension funds should be required to operate. be required to operate.
C. E. Quinney.
Dexamenis 21, Politia, Athens.

Pensioners'

money From Mr J. Russell

Sir, — Mr McShee's letter (May 30) is surely typical of the legalised nonsense used to drive down the living standards of industrial pensioners.

The lobby which is supported by the Financial Times leader by the Financial Times leader is not against the cliche that "Managers must manage;" it is for the concept that pension funds are for the pensioner. That before any moneys be extracted from pension funf; for non-pension purposes, the

interest of the pensioner should

be safeguardad.

J. E. Russell

Pensioners are the weakest section of the community. No-one competes for their services. They bave little political clout. They are very open to being driven into penury by unscrupulous managers of pen-slon funds whose reputations are made with high share values and bottom line profits. So when the Government intro duces legislation to assist com pany directors to extract money from the pension funds, surely that legislation should first secure an adequate pension escalation for the fund pen-sioners? Why should pensioners be excluded from the booming

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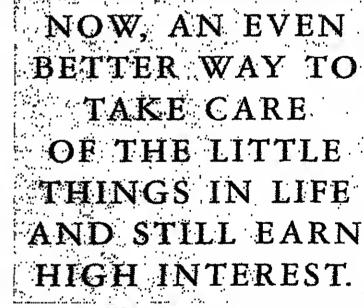
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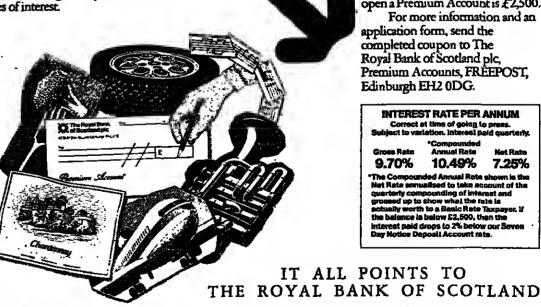
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# **FINANCIAL TIMES**

Monday June 9 1986



Terry Byland on Wall Street

## Railways build up steam

"WHICH WAY is the US economy heading?" was the question finally puzzling Wall Street at the end of a week with enough puzzles to keep George Smiley and the rest of the Western intelligence services oc-

strengthening economy would force rates higher and prevent the Federal Reserve from easing policy. The stock market, deciding that increased economic activity would outweigb any ill effects of higher interest rates, seemed to be gearing

itself for a renewed advance.

Mr Paul Volcker's appearance before the Boston cooference of central bankers, where he resurrected the inflation bogey, gave the mar-kets a fright not entirely calmed by

his encore performance at the House Banking Subcommittee. But the disclosure on Friday of a sharp and unexpected rise in US unemployment rocked the boat particularly in the bond market where yields hurriedly turned downwards after threatening to burst through the 8 per cent level again earlier in the week.

The stock market, baving kept its composure as hond yields rose,

Price (\$) Burlington North. 65% Florida E Coast 42% Kansas City S. 59%

seems likely to move forward again if the credit markets have genuinely reversed direction.

So, at least, ran the argument on Wall Street on Friday night. Stocks, however, seemed slow to accept the thesis, and will await today's opening in the bond market with

The more optimistic analysts, already scenting steady growth in the economy, are beginning to seek out those stock market sectors likely to respond the most readily. The un-certain trend of the dollar has cast a shadow over the overseas earning stocks, including IBM and the pharmaceutical issues. IBM, as so often, is proving to be almost a stock market trend in itself, as Wall Street analysts vie with one aoother to downgrade their earnings

Currency nerves have driven some investors back towards domestic stock sector. Rail stocks, largely overlooked since the plunge to new lows in March/April, have attracted increasing interest over the past fortnight.

Rail cargo traffic is a clearly identified signpost of US busioess activity and the stocks of the major retail carriers have long been "an integral part of the market's core leadership," says Mr Joseph Bartel, technical analyst at Butcher & Singer. Core leadership on Wall Street indicates an established presence in those major institution al portfolios which must lead the market if they are to outperform it ft was this pivotal positioning that brought the sharp dip in rail stocks throughout March and April to levels which have lain steady since the

beginning of May. Burlington Northern, operator of the largest US rail network with 29,000 miles of track, slumped 22 per cent to \$64 in March/April, but has now begun to edge higher in But lower fuel prices offer greater benefits than drawbacks to a die-

sel powered rail carrier of coal and grain, cargoes which cannot easily be transferred to road transport. Burlington Northern has high visibility in the stock market and may be held back by the generally mod-est tone of Wall Street's earnings forecasts. After a strong 1985, the group may turn in no more than a

1.6 per cent gain in profits this year. Greater opportunities may lie in the less centrally placed railroads. Florida East Coast Industries, which operates entirely within its home state, where rapid expansion in both population and the economy has kept rail traffic trends ahead of the industry norm.

Also likely to benefit from lower fuel prices, Florida East Coast is ex pected to push earnings ahead hy about 4 per cent this year. The stock is 15 per cent off its year's high and thus offers substantial re-

covery prospects.

Kansas City Southern, also well Kansas City Southern, also well below its 1986 peak, may have special factors in its favour. Earnings prospects are somewhat uncertain because of losses in the fibre optics divisions. But the hullishness which is already driving the stock upwards lies in the prospects for a sell-off of the rail freight operations. The prospective selling price for the group's 1,700 mile network is likely to rise as the sector returns to likely to rise as the sector returns to stock market favour. With the Dow humping its all-time peak, albeit in a somewhat nervy atmosphere, there are few sectors still offering significant growth in stock prices as

DISARRAY AND DISASTERS HIT WEST'S SPACE PROGRAMME

# Soviets' clear run into space

PY PETER MARSH IN LONDON

WHILE the US and West European space programmes are in disarray as a result of political wrangles and a stream of accidents that have grounded the West's main launch vehicles, the Soviet Union is quietly moving towards its goal of maintaining a permanently manned outpost in the beavens.

western intelligence services oc-cupied until superannuation day. Bond yields had been rising steadily on the belief that a strengthening economy would for a The country is gradually develop which is still in orbit after four

> According to observers in the West, the Soviet Union plans to make Mir the core of a large complex of space modules. The station a cylinder about 15 metres long, has six docking ports (four more than Salyut-7) for attachin a range of modules for scientific experiments

> and observation of the Earth. Cosmonauts would live and work permanently in the complex, with crews being rotated using a new space ship. Soyuz TM, which was tested for the first time last week.

The TM craft, which docked unmanned for several days with Mir before separating last Thursday, is roomier and contains more advanced electronics equipment than the Soyuz T, the current version of space ship. The Soviet Union routinely uses its three-man Soyuz T vehicles to transfer crew and materials to and from space.

fn the past few days, two cosmo-nauts, Mr Leonid Kizim and Mr Vladimir Solovyov, have attached a c experiments or to build up a large gy.

UK, China

in \$50m

study deal

By Alain Cass, Asia Editor,

BRITAIN AND China will this week sign a \$50m deal to finance studies in the UK by Chinese stu-

dents, during the visit to London this week of Hu Yaobang, the gen-

The agreement, initiated by Sir Y.

K. Pao, the Hong Kong industri-alist, will be signed by Sir Geoffrey

Howe, the British Foreign Secre-tary, and Li Peng, the Chinese vice-

premier, accompanying Hu on his

The scheme will enable up to 300

students from China to study in Britain over a 10-year period and is

aimed at reinforcing the Sino-Brit-isb agreement over Hong Kong un-

der which the colony reverts to Chi-

The idea was originally proposed by Sir Y. K. Pao to Mrs Margaret Thatcher, Britain's Prime Minister.

Under the plan, China is expected to contribute \$20m and Britain

\$10m and the rest will be raised by

the Hong Kong shipping magnate. Although General Secretary Hu is not in Britain specifically to dis-

cuss the future of Hong Kong, the

issue is bound to figure prominently in the talks, which begin today

with a meeting with Mrs Thatcher. Over the past six months, Britain and China have made considerable

progress in negotiating detailed ar-

rangements governing Hoog Kong's future after 1997. Of those,

the agreement to allow Hong Kong

a separate role within the General

Agreement on Tariffs and Trade is

General Secretary Hu, whose vis-

it to Britain starts a European tour

that includes West Germany, France and Italy, will also have lunch with the Queen in Bucking-

His visit, which precedes the

Queen's own trip to China in the au-

tumn, is of considerable symbolic

importance, and is in marked con-

trast to the poor state of relations

etween Britain and China since

the beginning of negobations over

ham Palace.

regarded as the most significant.

In London

munist Party.

four-day visit.

The US is 10 years behind the Soviet Union in the practical uses of space, according to the latest edition of Jane's Spacellight Di-

Mr Reginald Turnill, the edi-tor, says the Soviet lead is "al-most brightening." He expects the Soviet Union soon to have a range of 10 different types of ex-pendable launch vehicles and two re-usable craft, similar to the US space shuttles. These would be able to lift up to 30 tonnes into

above the Earth. This array of craft would support both the Mir and Salyut sta-

tions now in space, together with a third generation of orbiting bases expected around the end of

ace structure, possibly a permanent bridge to Mir.

The activities of the cosmonauts,

Top Iraqi officials

in Paris for talks

who have been in orbit since March 13, dividing their time between the two stations, were shown live on Soviet television, indicating the country's growing confidence in its In contrast, space planners in the West are contempisting a disas-

trous series of launcher accidents that is beginning to undermine plans for future developments, such as a \$12bn international space sta-tion planned for the f990s, involv-ing the US, Western Europe, Cana-

The space station, with room for about eight people, will be similar in concept to the Soviet orbiting series of pylons outside Salyut-7 bases, although probably higger that could be used to house scientifiand using more advanced technolo-

> BY PAUL BETTS IN PARIS MR TARIQ AZIZ, Iraq's Foreign Minister, was scheduled to arrive in

Paris last night for urgent consulta-

tions with the Chirac Government at a time when France is seeking to

Concern over the fate of nine French hostages held in Lehanon

to be closely linked with Tehran ap-

cause of the weekend expulsion

from France of Mr Massoud Rajavi,

the exiled leader of the People's Mojahedin resistance movement.

After a raid on his headquarters

at Auvers-sur-Oise, near Paris, be

was escorted to Le Bourget airport and put on board a private aircraft,

Mr Rajavi and his entourage were greeted there by senior mem-bers of President Saddam Hus-

sein's regime, including Mr Taha Yassin Ramadhan, the First Deputy

Premier, who is second in seniority,

and Mr Adnan Khairallah, the Min-

ister of Defence. Mr Aziz's expected arrival within 24 bours of Mr Rajavi's departure

expected to see President François Mitterrand and Mr Chirac tomor-

pears to have been the immediate

improve relations with Iran.

the decade. Mir, according to Mr Turnill, would act as the basis for the production of novel materials using exotic low-gravity processing methods. in contrast, the Salyut bases have been used mainly

Last year, the Soviet Union launched 99 satellites, the country's highest tally since 1976. Actry's nignest taily since 1976. According to Jane's, the Soviet Union spends about \$30bn a year on space activities, compared with about \$20bn by the US. In both cases, more than half the spending is on military applica-

Soviet citizens have been in space for about 4,000 persondays, compared with less than half this figure for the US.

After the accidents, the US National Aeronautics and Space Administration (Nasa) has suspended flights of its space sbuttle fleet and Delta and Atlas-Centaur rockets. To add to the West's difficulties, Europe's Ariane rocket was destroyed shortly after its most recent lift-off.

its fourth failure in f8 missions. Ariane will probably be grounded for several months while investigators try to find what caused the accident, leaving the West with no routine way of putting payloads such as con into orbit

a series of successful flights with these launch vehicles, confidence in the West's space capabilities will inevitably be shaken. The position is not beloed by arguments between the US and the ff-nation European Space Agency (ESA) over the exact

mond, the French Foreign Minister

today. France has been Iraq's main

Western economic partner and sup-

France is owed an estimated FFr

23bn (\$3.2bn) hy Iraq, about half of it for military supplies. French offi-

cials say that FFr 3.5hn is due in

repayments this year and that

Baghdad has recently been in ar-

Support given to Bagdhad was evidently the reason that nine French citizens were kidnapped in Lebanon hy the shadowy "Islamic

Jihad" group, which is believed to

derive its inspiration from Ayatol-

Iran has said in the past that it

exercises no control over elements

holding hostages in Lebanon. But Tehran complained directly about the activities of the People's Moja-

hedin in France when Mr Ali Reza

Mouyeri, its Deputy Premier, met Mr Chirac in Paris last month.

Mr Chirac ruled out any repatria-

tion of exiles but said that France

Iraq will, at least, be bappy to

lah Khomeini's regime.

serve strict neutrality.

with Iran.

role for Western Europe in the space station plans.

As a result of the disagreements ESA has failed to sign a Nasa docu-ment committing itself to the de-sign stage for the orbiting base.

Some observers fear that by the time the West gets itself organised in building the space station, the Soviet Union will have established a significant lead in keeping people permanently in orbit.

The Russians do not have any dramatic access to technology but they are ahead [in space develop-ments] in a number of areas," according to Mr Roy Gibson, a former director general of ESA and the head of Britain's National Space Centre. "They just keep going. They do not seem to be put off by acci-

According to Mr Peter Smolders, Dutch journalist who keeps a close watch on the Soviet space pro-gramme and recently conducted a live television interview with the two cosmonauts now in space, the Soviet Union plans a series of four specialist modules for docking with

The modules, for low-gravity materials processing, astronomy, biology experiments and Earth observation with high-powered cameras, would probably not all be in place until next year. Until then, Mr Smolders thinks the Soviet Union will operate the Mir and the Salyut-7 concur-rently, after which the older base might be allowed to drop in orbit

and burn up in the atmosphere. The Salyut base, despite its age, is valuable, Mr Smolders feels, because it contains much useful scieotific equipment, for processing crys-tals for example.

# over debt

By Lucy Kellaway in London

ance sheet. The UK Government will announce in the next few weeks its decision to saddle British borrowings, which will moderate the corporation's ability to make acquisitions and large investments.

The decision will ease the task of the flotation, the biggest ever attempted, by reducing the value of equity to be sold from the £7bn-£8bn to around £5bn, and may maximise the total proceeds from the

The cost to British Gas of debt servicing is not expected to put an which produced a cash flow of about £1.2bn in each of the last three years. Interest payments of about £250m a year will significant-ly reduce its 1985-86 profits, which are expected to be about £650m af-

# **British Gas** loses battle

BRITISH GAS has lost its battle to be privatised with no debt in its bal-

The shape of the balance sheet was one of the most important is-sues to be settled before the flotation due in November. By choosing to burden British Gas with debt, the Government is preventing it from becoming too dominant a force in the industry. At present, it has no net borrowings, whereas all of the other major oil groups carry a signi-ficant weight of debt.

It is also likely to allow the Government to fine-tune the timing of revenues from its privatisation prothe debt has yet to be fixed, one possibility is that British Gas would repay debt to the Government over the next two years one a timetable that would dovetail with gaps in the Government'a gilt-issuing pro-

Under the present arrangements, British Gas transfers an agreed proportion of its surplus each year to the Government. In the financial year, that was £176m, against a budgeted figure of £352m, reduced because of the effects of high gas costs and the weakness of sterling.

indicates acute Iraqi concern. He is ...ought to make political refugees ob-

row and Mr Jean-Bernard Rai- host the people's Mojahedin.

Soviet space offer

Continued from Page 1

of the House of Commons all-party space committee, said yesterday that the proposal ought to be looked at seriously. But he suggested that the military orientation of Britain's current squad of astronauts could present one possible barrier to a

Britain has four astronauts in training, all defence ministry employees. Two of the astronauts, Sqn Ldr Nigel Wood and Cmdr Peter Longhurst, had been due to fly aboard the US space shuttle on two separate trips to help in the launch of two UK Skynet military satellites. Because of the grounding of the sbuttle fleet after January's

Mr Michael Marshall, chairman woods' trip has been postponed by at least a year from its scheduled date of later this month.

Cmdr Longburst is unlikely to fly on the shuttle in the near future because Britain has switched the launch of one of the satellites to Ar-

Moscow has offered in the past to use its rockets to launch Western satellites but, given the sensitive nature of the Skynet vehicles, it is unlikely Britain would agree to transport the space craft to the Soviet Union for takeoff.

Cmdr Longhurst said yesterday he had not yet heard about the So-

### THE LEX COLUMN

# **Petrodollars** in reverse

The most recent spurt in markets worldwide has been based on a gut eeling that the oil price collapse in the first quarter would somehow lead to a reversal of the inflationary depression in the West that fol-lowed the oil price shocks of the 1970s. The recent series of drab growth and investment statistics in

the Western economies has thus caused a new feeling of unease in the markets. The economists' lectures about lags in the world economy had earlier drowned in the din as dealers piled in for the quick fix that has not materialised.

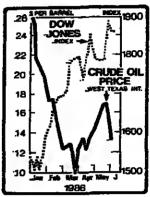
#### Distortion

Lags aside, notions that the third oil shock would be a mirror image of its predecessors have foundered on the hard fact that net OECD oil imports in 1985 were £5.6m barrels a day against the 1979 peak of 26.9m. Disinflation, rather than de-flation, and a wholly different version of income recycling offer a dis-torted reflection of the 1970s. If there is any element of the quick fix to be seen, it is the once-off disinflaionary effect of balving the price of

key commodity. There is an impression in some quarters that the battle against inflation has been more or less perm-anently settled by Sheikh Yamani. In reality the entire disinflation is already in the pipeline, and any upturn in oil prices beyond the kind of short lived spurt seen in May might kick-start the old inflationary process. What last month's run up in the price of West Texas crude from \$12 to \$17 (and back again) has achieved is a renewed uncertainty about the path of oil prices, and increased difficulty in assessing even short term growth prospects. In the UK the oil price fall was

talked of as an alternative to a speedy implementation of the 25 per cent standard tax rate. But it has not worked out that way, with inevitable consequences for the emotions of British fund managers. Record first-quarter profits from BP and Shell show how the oil majors have been able to use controlled markets to engineer remar-

kable price stickiness. Although the Government castigated the oil companies for their oligopolistic practices, HMG has been



while losing industrial custom to oil, is imposing an increase on domestic clients. Last Thursday's in its own colossal surpluses before statement by Mr Peter Walker that the energy markets tighten again the first instance that the first instance are all too familiar. Today the question is how January and the first instance are all too familiar. a 3.5 per cent reduction in electricity standard rates takes due account nese, assiduous savers, are piling of the oil price fall appears the into US Treasury Bonds at a rate of more remarkable against e fuel oil spot price fall from \$135 to \$50 a tonne this year,

In Japan there has been a similar process, or rather lack of process. Tokyo Electric is set for a profit windfall of around respect to the oil price cut - grown unusual year, which appears earmarked for major capital projects rather than more and cheaper money - is now dawning. But most US capital dawning. But most US capital tries where energy markets are not spending indicators do not suggest controlled there is the prospect that that business has sensed a rapid upcheaper oil means higher oil imturn in demand. Perhaps this is a ports, despite the best efforts of the reflection of the accompanying is international Energy Agency. In cal squeeze as the US deficit starts the US there is a move away from to be reduced. smaller cars and back to gas-guzzlers, while West German housebolders have been stockpiling heating oil on a grand scale. If Saudi Arabia price crude would lead to a strong rise in demand for Opec oil, it abs. Despite the appearance of would hardly have stuck with its

present policy.
One indication that the equity One indication that the equity markets may be imbued with contradictory assumptions is that while cyclical stocks have been dramatically marked up on cheap oil, the oil companies whose asset values have imposed have not suffaced a cell. imploded have not suffered a sell-off of symmetrical proportions. The into equities. The recent stellar per off of symmetrical proportions. The oil sectors in New York and London formance of the Tokyo market is both show slight gains on their position at the beginning of the year, alone will struggle to absorb the thus obstructing potential preda-tors, who are waiting for prices to prospect of a Japanese drive into

buoyed equity markets in the spring will not work ft is not a re-turn of funds from low spenders to high spenders. Precisely because of the earlier transformation, most of the Opec economies are no longer small ones. The West cannot just small ones. The West cannot just take the money and run; Opec cannot simply transfer over \$50bm a year to consuming nations over and above its existing deficit. Petrodollars created by the high fixed oil price were recycled into developing countries; many with a high dependence on income from oil. The ondence on income from oil. The con-sequences for the hanking system and the economies of the unfortanate beneficiaries are all too famile

billions of dollars a month That supports the prospects of growth in the US since US interest rates would rocket if the Japanese demand for US Treasuries fell. This sustains the mainline econ

#### Overwhelming

The Japanese will be more active with their money than were the Ar-Western overcapactly, the sharp rise in the yen makes it more m tangible evidence, but that market fall into line with likely future asforeign equity markets is palpable,
sets.

foreign equity markets is palpable,
the wise investor may wait for that equally adept at using a monopoly position in the energy field to short-change the consumer. British Gas, wealth recycling which may have ing of low-cost, oil-fired equities.

As from October 27th, competition in the financial markets will be even more intense. Look around. Are your offices well designed for maximum productivity - or the you see an expensive waste of space? Do they promote an efficient and harmonious working environment -or does chaos reign supreme? With predicted rents in the City reaching \$40 per sq. ft. it's vital your offices are designed to be IDP'a cost effectivewhilst also reflecting the image you wish to project to your mistomers and staffalike. At McColl, we've already taken stock of your meds by integrating our own proven design and space planning expertise with the latest in Computer Aided Design & Draughting IceImology - PADD. Major American banks and leading manufacturing curporations have already used McColf to design and plan their new European hyphiparters. If you'd like to know what we can do for your company simply call

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# Hong Kong in 1982. Student clashes, Page 2 Challenger explosion, Sqd Ldr F 25 77 Pretoria and a ban on sales of kru-

# Hopes fade for talks

Continued from Page 1

The steady escalation of violence in South Africa has raised the declear and arms embargo, the with-

sidering any further economic mea- fruit and wine imports from the re-

Before meeting last Wednesday to draw up its report, the EPG is understood to have rejected a request mands within the Community to ex- from the South African Governtend the list of measures agreed ment for further clarification of its last September, which include a nu- proposals for promoting a peaceful dialogue between whites and blacks drawal of military attaches from in the republic.

The members of the group, who have suggested the release from prison of Mr Nelson Mandela, for-The Danish Parliament has already agreed on a total trade embargo, and Ireland bas decided to legalisation of the ANC itself conban imports of South African fruit sidered Pretoria's initial reaction to and vegetables. The Dutch Government is also under pressure to halt merit further discussion.

## Year of hard realities

has been shaken twice, by the assassination of Mr Olof Palme. the Prime Minister, and by the radioactive fall-out from the Chernobyl nuclear plant disaster in the Soviet Union-two traumatic events that pose pro-found and disturbing questions in the nation's political insti-

Unused to political violence, the Swedes were stunned by the murder of Mr Palme on an open street in the middle of Stockholm. Nearly three-and-abalf months later the killer has not been caught. The policy not been caught. The police still know neither his identity

nor his motive.

The ruling Social Democrals moved with extraordinary speed to fill the political vacuum left hy Mr Palme's death. Within 24 hours of the murder the party's national executive had decided to rally behind Mr Ingvar Carlsson, Depuly Prime Minis-ter and for nearly 30 years one of Mr Palme's closest col-leagues, as the next party

In his first three months in office Mr Carlsson has scarcely put a foot wrong.

Riding the wave of public generation—to have committed sympathy and the instinctive itself definitively to closing longing for national unity that down its reactors. That decision inevitably followed an assassi-was made after a referendum in Riding the wave of public generation—to have committed sympathy and the instinctive ltself definitively to closing longing for national unity that down its reactors. That decision inevitably followed an assassination, the Social Democrats are experiencing an unprecedural surge in popularity. According to recent opinion polls Mr Carlsson himself is enjoying the highest vole of confidence achieved by any Swedish political leader, since

the 1939-45 war. He has pledged bimself to continue the policles pursued by Mr Palme. He bas left the Cabinet almost unchanged, with the only move of significance the appointment of Mrs Birgitta Dahl, one of the Social Demo-

Miniater. Since the Chernobyl disaster a heavy burden has fallen on her shoulders. As the first country to detect lbe radioactive

crats' rising stars, aa Environ-ment Minister aa well as Energy

By Kevin Done Nordic Correspondent

fallout from Chernobyl, Sweden has been deeply sbaken by the now obvious risks caused by nuclear power station accidents beyond its frontiers, and Is having to carry out a compre-hensive reappraisal of its own

nuclear power programme.

Sweden was already the first country in the world with a beavy dependence on nuclear - which now accounts for nearly half of electricity

that belped the Centre Party, traditionally the representative of agrarian and environmental interesta to build its support to unprecedented levels in the elections of 1973 and 1976, and bring to an end, if only tem-porarily the Social Democrats' 44 years in power.

Il was also disagreements

Three Mile Island in the US.

Now the Centre Party, with
ils fortunes at a low ebb, is
again taking up the cudgels on

electricity that would result from abandoning nuclear power

about nuclear power that brought down one of the coalition governmenta led by Mr Thorbjörn Falldin, the former Centre Party leader, and few nations were as heavily influenced as the Swedes by the 1979 nuclear accident at

again taking up the cudgels on this vital issue and along with the Communists is demanding that Sweden's 12 nuclear reaciors should be phased out before the year 2010, the date agreed after the referendum.

During the past 12 months Swediah industry in particular had begun to wage a campaign to bave the deciaion of the nuclear referendum overturned on the grounds that the dearer electricity that would result



Ingvar Carlsson: leader suddenly given the reins of power

ent. Some seven weeks after the accident the Swedish authorities were still not ready to allow farmers in the worst contaminaled areas to let their cows out

to graze.
Farmers in those areas have been advised to plough up their meadow land and move radioactive grass cuttings to waste pllea at isolated locations on their land.

Information as lo the extent of the contamination and on what protective measures are measures are necessary bave often been conflicting; and despite official attempts to calm the nation's fears it is clear that there is again a growing unease about nuclear power which could bave significant implications for the political parties.

power and an increased use of coal.

Meanwhile the misirust of nuclear campaign is to force the cloaure of the Barsebeck nuclear power can only increase, as the more long-term consequences of the fallout from Chernobyl become apparent. Some seven weeks after the accident the Swedlsh authorilies were still not ready to allow

area of Scandinavia.

In a recent vote the Danish
Parliament called officially on
Sweden 10 close the two

there is little doubt that the murder of Mr Palme has abruptly and brutally marked the end of an era. Sweden is a

Top priority of the anti- atmosphere of Nordic politics,

pured leader of a Social Demo-cratic party that has dominated Sweden for more than half a century, creating in the process the world's most advanced welfare state, and he was only the party's fourth leader since it was founded in 1889.

reactors.

While the long-term implications of the fallout from Sweden a voice on the world chernobyl on political debate in Sweden are still unclear, there is little doubt that the Its size, and II is in his role of internalional statesman that he

the end of an era. Sweden is a greyer place without him.

He had not always been loved. He aroused strong emotions in both his admirers and his political detractors and be bad an uncanny lastinci for religing and irritating his opponents, In the often colourless world, whose cause he champer of the class for this disappointment of the crilism for this disappointment of the crilism for this disappointment of the crilism for the crilism for the disappointment of the crilism for the clasm for the clasm for the crilism for the crilism for the clasm for the disappointment and will the party's fortunes falling further in recent months the line for a line for a late of the clasm for the clasm for

#### CONTENTS

Politics Profile: Ingvar Carisson Foreign policy Economy Trade Foreign aid

Immigration

the way towards more constructive relations with the Opposi-

appeared more calculated to repel than attract co-operation.

Mr Carlsson's style is far more measured and he will be helped too by the fact that his sudden rise to power coincides with leadership changes in the other main political parties.

Last week, Mr Ulf Adelsohn, teader of the Cooservatives since 1981, surprisingly announced his resignation fol-

since 1981, surprisingly announced his resignation fol-lowing the disappointments of the last election. At the end of last year Mr Thorbjörn Fall-din, leader of the Centre Party and Prime Minister from 1976 to 1978 and again from 1979 to

election results.

Swedish politics have thus been robbed of three of the most dominant personalities of victor at the last election, is ceiling (over the two suddenly one of the tongest not to be exceeded.

Prime Minister since the late 1920s. When it came to the vote, bowever, it seemed that the Conservative message was loo hard for the voters lo slomach.

After running as high as 30 per cent in the opinion polls 12 months earlier, the Conservatives scored only 21.3 per cent

internalional statesman that he will be most sorely missed—not least in the developing world, whose cause he championed with unflagging zeal.

The rapid appointment of Mr Ingvar Carlsson as the new party leader (and Prime Minis—in opinion polis it has been as the Tiberals as

Industry Engineering Forest products Fermenta: fall of an empire Financial markets

change of leadership.
With the Opposition parties

lion parties.

In a state of transition and unThe Social Democrats have able to offer much of a ruled as minorily governments since 1982, and Mr Palme's able quickly to consolidate his combative, divisive style often appeared more calculated to office have been marked 100 by office have been marked 100 by a growing optimism about the economy—at least in the shortterm-helped targety by falling oil prices, the weaker US dolllar and lower interest rates.

On the tabour from it appears that the "honeymoon" period for the Cartsson Government is already over, however, and the first strikes of the 1986 wage round have broken out in the public sector — mainly in the Health Service among doctors, dentists and social workers

Centre Party dentists and social workers.

or from 1976 Sweden's system of highly
from 1979 to centratised national wage
r losing the bargaining—a major element in
important the so-called "Swedish Model" 1982, resigned after losing the bargaining—a major element in confidence of important the so-called "Swedish Model" elements in the party as a —has been coming under inresult of a series of disastrous creasing pressure for several years. There are strong indica-tions that the two-year national pay deal, struck in the spring as a framework settlement for the past five years. Mr Bengt the private sector, will present Westerberg, head of the Liberal serious problems at sector and Party, who emerged as the main local level if the 9-10 per cent ceiling (over the two years) is

suddenly one of the tongestserving party leaders in Sweden
— and he was appointed only
21 years ago.

For a long period before the
last election it seemed that Mr
Adelsohn might finally become

Adelsohn might finally become assassination remains un-explained and his killer is still

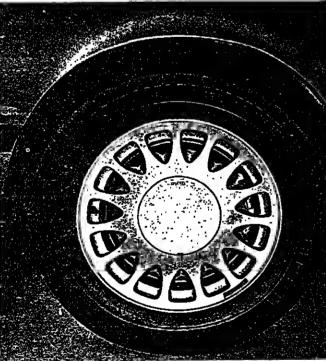
at large.

Growing frustration has already placed the focus of the investigation as much on alleged bungling by the police as on the murder hunt as such. The police have been accused of seriously violating the rights of one suspect—since cleared —while the chief prosecutor in while the chler prosecutor in Stockholm has resigned from the case in prolest at police interference with his work.

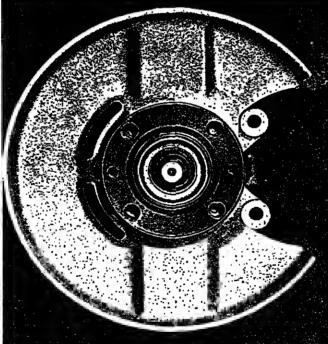
According to Mr Hans Holmer, the Stockholm Police chief who is leading the bunt:

"The investigation into the mustage of Olef Palme is a

# g the snape of bearin



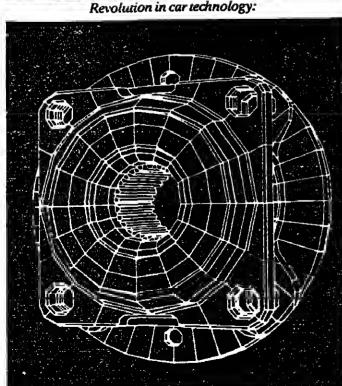
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devising a completely integrated hub...



required sophisticated computerised research...



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而是自己的自己的人的。但是这些是可能是在美國國際中國中的發展。這一個是**是要發展的機能是**認識是是

Sweden 2

**Politics** 

# Grief for Palme strengthens unity

WITH the funeral of their for the differing opinions and murdered Prime Minister, Olof beliefs of some of the foreign Palme, earlier this year Social guests. Palme, earlier this year social.

Democrats reached a new apogec. By the standards of westero democracy their hold the song "Vi Bygger Landet," (We Build the Land), which is the song "Vi Bygger Landet," (We Build the Land), which is the song "Vi Bygger Landet," among the

By the time of the next general election in September 1988 they will have ruled Sweden for 50 of the past 56 yeers and at present they look

With the memorial ceremony for Mr Palme they took their hold over Sweden a stage further and the party became the rallying point in the search for national unity. Suddenly, critical opposition.

The funeral ceremony was the culmination of the extranolization of ranks that followed the waves of shock cism of the Social Democrats followed the waves of shock seemed as bad as an attack on Sweden itself and the particular Swedish values that Mr Minister. The manner in which the Swedes huried their mystered leader about their must be soon to be seen to state the swedes huried their must be seen to see the swedes huried their must be seen to see the swedes huried their must be seen to see the swedes huried their must be seen to see the swedes huried their must be seen to see the swedes huried their must be swedes huried their must be seen to see the swedes huried the swedes huried their must be seen to see the swedes huried the swedes of shock and national grief over the same sweden itself and the particular than the swedes huried the swedes huried the swedes of shock and national grief over the sweden itself and the particular than the sweden itself and the swe heyond the Nordic countries.

Although he had been mur-dered while in office the funeral was a Social Democratic rather than a state occasion.

Behind the simple white coffin there was one Swedish national flag, but it was only one of four. There were two red flags—ooc for the party and one for the trades unions—as welf as the flag of the United Nations.

Splintered non-Socialist upper tion parties have faced an uphill task to unseat the Social Democrats. In more than 50 years they succeeded only twice—at the elections of 1976 and 1959. Now, after the loss of coffin there was one Swedish

covered with hundreds more red flags, the standards of the party, of the trades union dis-

ceremony—deeply moving with its themes of youth and hope was a secular occasion officiated over by Mr Sten Andersson. Foreign Minister and for more than 20 years General Secretary

of the party.

King Carl XVI Gustaf was present, but he spoke after Mr Ingvar Carlsson, who only days before had officially takeo over the offices of Prime Minister and chairman of the party, and Mr Sten Andersson.

Social Democratic Party gatherings usually end with the singing of the Internationale. Out of deference to the hund-reds of interoational leaders and

S.E-Banken's unceasing appraisal and

scruting of the financial world through its

this detail of the glass sculpture "Thousand,

Windows by the Swedish artist Simon Gate,

guests.
The National Anthem was not almost as popular among the Swedish labour movement as the Internetionale.

It could hardly offend foreign visilors, and Social Democratic sensibilities towards the differing bellefs of some of their guests clearly did not stretch to those invited from the Swedisb

the Swedcs huried their murdered leader ahowed, perhaps more clearly than any other single event, just how far the Social Democrats have come in making their ceuae synonymoua with that of Sweden itself.
At the best of times the splintered non-Socialist opposition parties bave faced an up-

The city hall balconies were 1979. Now, after the loss of overed with hundreds more Olof Palme, their task appears red flags, the standards of the party, of the trades union districts and the special interest group within the party itself.

It was the flags of the labour movement rather than the Swedish national flag that lined the route taken by the corlege to the graveside.

The funeral was organised by the Social Democratic Party and not by the state. The memorial ceremony—deeply moving with its themes of youth and hope—was received a construction of the support.

A wave of sympathy towards the Social Democrata has been reflected in the sharp jump in their most recent opinion poll ratiogs. The latest poll taken by Sifo, the Swedish opinion research Institute, and published at the beginning of June gives the Social Democrats fully 48 per cent of the support. In the first poll, after Mr Palme's murder in February, the Social Democrats made a almost impossible the Social Democrats made a

gain of fully aix percentage points, unique in a Sifo poll.

A result of this wave of new support is that the Socialist hloc—comprising the Social Democrats and the Communists—now has an overwhelming

heads of state that attended the funeral, the Social Democrats arch-conservative Stockholm since it was founded in 1889, was founded in 1889, arch-conservative Stockholm in a recent editorial: "Seldom stop the Social Democratic they had decided not to sing the social step that attended the funeral, the Social Democratis and Mrs Soder as explained that on this occasion morning newspaper, observed they had decided not to sing the social step the social Democratic they had decided not to sing the social democracy advance. A farmer and the social Democratic they had decided not to sing the social democracy advance. A farmer and the social democratic the party had since it was founded in 1889, arch-conservative stockholm since it was founded in 1889, at least temporarily, maneged to leader of the Social Democratic they had decided not to sing the social democracy advance. A farmer and the social Democratic they had decided not to sing the social democracy advance. A farmer and the social democracy archerology is a social democracy and social democracy and social democracy and social democracy and social democracy advance. A farmer and the social democracy and social democracy advance.



Olof Palme: his death increases pressure on the parties to compromise

appeared stronger. The opinion ratings are high both for the party and its leader. The Government is facing hardly any problems in the Riksdag (Parliament).

"Its theoretical dependence on the Communist party does not appear to play any great role in practice. The Govern-ment manages ragularly to negotiate an agreement with one of the opposition parties without having to pay much of a price in the form of political

concessions,"
Since the election Since the election in September last year the political landscape has changed quite dramatically with the disappearance of the two personalities who bad dominated Swedish political life for much of the 1970s and the first half of the 1980s, Mr Palme and Mr Thor

— now bas an overwhelming lead over the Opposition, with 52 per cent of the support compared with 46,5 per cent for the four non-Socialist parties—the Liberals, the Conservatives, and the Centre Party together with its small ally. the Christian Democrat Alliance.

Even Svenska Dagbladet, the spior Falldin. Mr Palme took over the Social Democratic leadership and the office of Prime Minister in 1969 and led the party through six elections, including the two defeats in 1976 and 1979. The social Democrats are used to continuity and he was only the fourth leader the party had had since it was founded in 1889.

was almost the actithesis of Mr Palme, and his replacement by Mr Carlsson should agility and rhetorical brilliance improve decisively the Social of Mr Palme he often appeared Democrats' chances of finding a rather cumbersome, but he also displayed a solidity and slncerity that won the support and affection of many Swedes.

Little love was lost between Palme and Falldin and as long as they were the leaders of their respective parties there appeared no chance of closing the gap between Right and Left that opened up during their

respective years in government. Mr Palme spoke of "an out-stretched hand" towards the Opposition, but in practice the phrase remained rather empty. Mr Falldin, in any event, was openly sceptical. He displayed a mistrust of Social Democratic motives and a belief that what-ever words they might use to sweeten their offer their actions showed that they were intent on pursuing divisive rather than conciliatory policies.

Mr Falldin's constant aim

was a non-Socialist majority in the Riksdag, and controversial issues such as the Social Demoensured that the Centre Party remained firmly in the non-

Socialist camp.

The wage earner funds, established at the end of 1983 after a long and hitter political fight, are designed to siphon off a part of corporate profits into trade union-controlled funds set up to huy equity stakes in Swedish industry and the Opposition parties are still committed to their abolition if

Two months before Mr
Palme's murder, Mr Falldin fell
victim to growing grass-roots
opposition in the Centre Party after a series of disastrous elec-tion results. The Centre Party's vote declined to only 12.4 per cent at the last election compared with the peaks of 25 and 24 per cent respectively in 1973 and 1976

Mr Falldin resigned when It hecame obvious that he had lost the support of the committee formed to conduct an inquest into the latest election defeat. After a brief period of infighting the party united around the deputy chairman. Mrs Karln Soder, who became Sweden's first woman party leader.

The emergence of Mr Ingvar Carlsson as leader of the Social

majority for their policies in the Riksdag issue by issue with-out having to rely too heavily on the Communists — except when it suits them.

After all, the Social Democrats are a minority Government with only 159 seats in the Riksdag compared with the 171 seats of the non-Socialist bloc. They depend nn the 19 Communists to give the Socialist bloc 178 seats and an overall

Democrats in the Riksdag after the election has not been neces-sary, and they have managed with relative ease to steer their way through the Parliamentary rocks and shoals.

The personalities of Mr Carls-

opposition.
"Violence bas been thrust upon us. We feel grief and wrath—but at the same time a sense of closeness and national sense of closeness and national unity. The Swedish people expect us now to take joint responsibility for our country and its future without contrived friction and unnecessary con-flict," Mr Carlsson said.

between the so-called bourgeois parties rather than between the Socialist and non-Socialist blocs,

At the last election it was the Liberals' torm to emerge triumphant under their popular new leader Mr Bengt Westerberg, who pushed their share of the vote up to 14.2 per cent from only 5.9 per cent in 1982. In several of the opinion polls since the election the Liberals beve even managed to take the beve even managed to take the lead in the non-Socialist camp, pushing a rather lack-lustre Conservetive Party into second

place.
According to the latest Sifo
poll, although the Liberals have
lost ground they were still marginally ahead with 18 per ceot
against tha 17 per ceot support
for the Conservatives and 10
per cent for the Centre Party
furthant Christian

1970s, bas seen its fortunes rethe Chernobyl accident.

Both the Centre Party and the Communists are pressing hard for an earlier phasing-ont of nuclear power than the year 2010 agreed after the 1980 referendum; and the nuclear Issue could again re-shape the Swedish political map in the late 1980s as it did in the 1970s.

majority of seven.
The tricky halancing act that appeared to face the Social Democrats in the Riksdag after the control of the

son and Mrs Soder mean that there is greater room for com-promise, but the effect of Mr Palme's murder also means that Palme's murder also means that there is added pressure on the parties to compromise. In his first address to the Riksdag as Prime Miniater, Mr Carlsson made clear that under his leadership the government would seek closer links to the

flict." Mr Carlsson said.

The Government, he added, would bold an "open door" to co-operation with the Opposition. But that Opposition still seems hadly divided. Shifts of opinion do occur in the Swedish electorate, despite the Social Democrats' long years in power, but the changes tend to occur between the so-called bourgages.

An important new element climate with the Soviet nuclear plant disaster at Chernobyl, which could have unforeseen consequences for the party political balance. The Centre Party, which led the anti-nuclear debate during the later 1870s, has seen its fortunes recover slightly in the weeks since

Kevin Done



for Sweden's party political balance

# Taking over with ease

IT TOOK Sweden'a Social Democratic Party less than 24 hours after the assassination of Mr Olof Palme to close ranks ehind a new leader, Mr Ingvar Carisson.

As Deputy Prime Minister Mr Carlsson had been one of the Carlsson had been one of the earliest to arrive at Rosenbad, the Government chancellery, in the first cold, dark hours of Saturday March 1 as the shocking news hegan to spread that Mr Palme, the Prime Minister and the Social Democrats' undisputed leader since 1969, had been shot dead in a street in

central Stockholm.

The display of party unity was impressive. Under almost any other circumstances the choice of Mr Carisson would bave appeared far from automatic—at least to outsiders—but it is a tribute to his achieve. but it is a tribute to bis achieve-ment in his first three months in office that today the wisdom of his appointment is scarcely

questioned. Even to Swedes Ingvar Carlsson has been something of an unknown quantity, apparently content to work in the ahadow of Olof Palme for much of his political career. The apparent ease with which be has taken over the reins of power however says much of power, however, says much of the detailed knowledge he bas picked up both of the workings of government and of the party in almost 30 years in politics. He is a hardworking and determined man, intelligent and

determined man, intelligent and well-organised, incisive in an argument and with a ready reply. Though formal in manner, be is not afraid to politely say no and is said to have a roguish sense of bumour. As a speaker he is pragmatic and, in contrast to Palme, careful not to arouse emotions which could be divisive.

In many ways his career has

In many ways his career has followed a similar path to that of Olof Palme, but in terms of background they grew up a world epart.
Although Palme was adept at

labour movement. His father and grandfather were managing directors of Swedish insurance companies, his mother and grandmother both came from aristocratic backgrounds and he be educated at one of Sweden's leading private schools. Sigtuna. Ingvar Carlsson, on the other hand, bas impeccable working

class credentials. He was born in the textile town of Boras in the west of Sweden in 1934. His father was e warebouseman and his mother a textile worker. He took the commercial course at the local grammar school before moving on to Lund Uni-versity to study political science. the day, seeking to reconcile

was involved in the Social Democratic Youlli Movement (SSU) with politics becoming a passionate interest alongside football. At Lund he became chairman of the Secial Democrats student grane, and it was while at the interior that he

rst attracted the attention of Mr Tage Ernates, the then Mr Tage Erlander, the then Prime Minister.
Like Olof Palme hefore him, Mr Carlsson was brought into the Prime Minister's office as one of Tage Erlander's assistants and stayed there from 1958 to 1960. before he chose to go to the US, to Northwestern Uni-

versity. Evanston, Chicago, to study economics. Explaining his move in an interview at the time, Mr Carlsson said: "I want to study the new type of unemployment they have there, which comes from automation and a high degree

Sweden's new leader has performed impressively in his first months in office. Profile of Ingvar

Carlsson by Kevin Done

of rationalisation in parallel with a saturation of some con-sumer goods. It's what we risk getting here in the future too." After a year he was back in Sweden to take over as chalrman of the SSU, a job in which he travelled the country, becoming personally acquainted with many of the hudding Social Democrat politicians who today hold positions of responsibility in both local and central government In 1963, be gave an interview

as SSU chairman on the theme of "If I were prime minister ..." He wanted fewer oldtimers in parliament with other jobs besides politics; be wanted to promote a professorship in serology, to pull down the class walls around the foreign minifinding radical elements in servlogy, to pull down the class earlier generations of his walls around the foreign minifamliy, he in fact grew np in a deeply bourgeois family with roots far from the Swedish wanted to close the Swedish Embassy in South Africa and wanted to close the Swediah Embassy in South Africa and open new embassies in Africa and Asia.

> office of Tage Erlander. In highest 1969 be became Minister of achieve Education and in 1973 Minister leader. of Housing. He has been a meber of the party executive since

In his years in government and opposition Mr Carlsson has had to deal with some of the Already in his school days he different streams within the

labour movement. He was Education Minister in a period of student unrest and university reform, and in opposition he had the task of building a social democratic platform. social democratic platform on the issue of the development of nuclear energy, e debate which split Sweden and threatened to split the Social

Democratic Party. With all these jobs he remained in the shadow of Olor Palme, choosing to work within the party to develop future strategy rather than to compete with Palme for the limelight on the domestic or the internal

the domestic or the interna-tional stage.

Carlsson led the crisis group that plotted the Social Demo-crats' party programme "A future for Sweden" in the rm-up in the 1981 party congress. The work prepared the ground for their election victory in 1982 with the so-called economic policies of the Third World.
It was also Carlsson who prepared the ideas programme for the 1984 congress. The right-wing opposition had tried to kindle a debate on freedom and the right of Individual choice instead of state direction. In e country with the biggest public sector and the heaviest tax burden in the Western

world, the conservatives appeared to bave found a winner. It was Ingvar Carlson who was given the job of leading the ideological countrattack, which he did with a programme of ideas entitled:

"The future in the hand of the people — social democratic programme for citizenship and freedom of choice."

From 1982 onwards he was Deputy Prime Minister, playing the role almost of a one-man think-tank. He was called sometimes the Minister for the Future, seeking to come up with strategies for dealing with problems ranging from how to with computers, in devising new strategies for combatting crime

unexpected his However appointment as Prime Minister, be has performed impressively in his first three months in office. Little more than a mosth Mr Carisson was elected to office. Little more than a most parliament in 1966 as the and a half after be took over country's youngest MP and the leadership as many as &2 three years later he hecame a per cent of Swedes expressed great confidence in him, the highest poll rating ever achieved by a Swedish political

> Having taken over in the most tragic circumstances, Mr Carlsson has firmly seized the initiative in Swedish politics. He now has to prove he can keep it 1 heavy burden for a country where the party is used only to winning.

Foreign Policy

# Consensus on the rule of law

SWEDISH FOREIGN policy may et times appear quixotic, hut even when political leaders are deeply worried about dist-ant injustices it would be wrong to think that this concern is purely altruistic.

"Enlightened self-interest" is the explanation offered by officials and others of the panchant of Swedish leaders to speak their minds about wider issues apparently unconnected with the problems of this Nordic

The guiding principle of Swedish foreign policy is security through non-alignment in peacetime and neutrality in influence of the nearest super-power, the Soviet Union, while not becoming a menacing out-post of the distant superpower, the US.

Relations with the US were as icy as a Nordle winter dur-ing the Vietnam War. Now they are pretty cool with the Soviet Union because of meursions by its submarines into Swedish

the atmosphere.

Swedish suspicions of Moscow have reached an all-time high, according to a recent opinion poll. This showed that 87 per cent of Swedes perceived the Soviet Union as either nnterest of Mr. Olaf Palme. Prime Ministered of Mr. Olaf Palme. Prime Ministered of Mr. Olaf Palme. Prime Ministered of many years on the inviolate nature of national sovereignty and territorial integrity, has not

maintain good relations so that Sweden will not be harmed. Sweden may have become almost synonymous in the modero world with the advocacy of peace and disarmament, but tha Swedes are not starry-eyed romantics. Military service is oompulsory and high defence spending is accepted as essen-

spending is accepted as essential if potential enemies are to be convinced that an invasion would be difficult, costly and bloody.

The Swedes believe that they have avolded war for 170 years not only because of geographical and political circumstances but also thanks to their policy of neutrality allied to strong in peacetime and neutrality in the event of war. It therefore seeks to avoid falling under the influence of the nearest supering the Soviet Ilnion, while wartime does not mean that Sweden is neutral in the views it expresses. It was one of the first western countries to criticise publicly US involvement in Vietnam. It has been outspoken about the Soviet invasion of Afrhanistan and the recent US

air raid on Libya.
"We condemn the Soviet invasion of Afghanistan because territorial waters.

This was one of the key issues raised in Moscow in to some may appear as Swedish in additional in a frank explanation of what to some may appear as Swedish in the first visit by a Swedish included the first visit by a Swedish included to the Soviet capital in recent years. Little real protection in the discussion of the discussion in the discussion of the swedish of the sw gress was made in the discus-whatever party or parties are aions, but officials believe that in power, firmly believes that the visit did help to improve the survival of small nations io the atmosphere.

towards Moscow is to try to and territorial integrity, has not of e much broader conflict

caused any change in Swedish attitudes. While the personal style of his successor, Mr Carlsson, may be more muted, he will continue the same policies. Officials explain that these wera reached by consensus and not through the dictates of one politician. The defence issue has be-

ne detence issue has become much more pointed since
the "whisky on the rocks" incident in 1981 when a Soviet
"whisky-class" submarine ran
aground on rocks near Karlskrona. This irrefutable proof
that Soviet submarines patrol
inside Swedish territorial waters
came as a severe shork to the came as a severe shock to the Swedes, despite their earlier It set off a new debate about

defence policy which concentrated on the issue of spending levels. The allocation of reeources for national defence is now under review by a multi-porty committee. After receiving its recommendations the Government will draft a hill to be tabled in Parliament. The main debate concerns the

The main debate concerns the level of spending rather than the strategic and tactical concepts which underlie defence policy. The Government proposal to spend SKr 7bn for the period 1987-92 was publicly criticised by the military which then demanded thet spending he increased by SKr 8bn. he increased by SKr 8bn.

The fact that the proportion of Gross National Product devoted to defence fell from nearly 5 per cent in the 1960s to just over 8 per cent in the 1980s was hardly discussed. Some Swedes feel there is a controversy which has been need to question current defence doctrine, which assumes that any Soviet aggression would come only in the context

which would limit the resources available for ettacking Sweden But this bas not yet become an

Neither, apparently, has there heen much discussion of the quality of the training of conscripts for the infantry. Some experts feel that while their experts feel that while their keenness is not in doubt they would be little better than cannon fodder. There are also doubts about the effectiveness of the call-np system, which is supposed to be ehie to put 800,000 men under arms whia 72 hours.

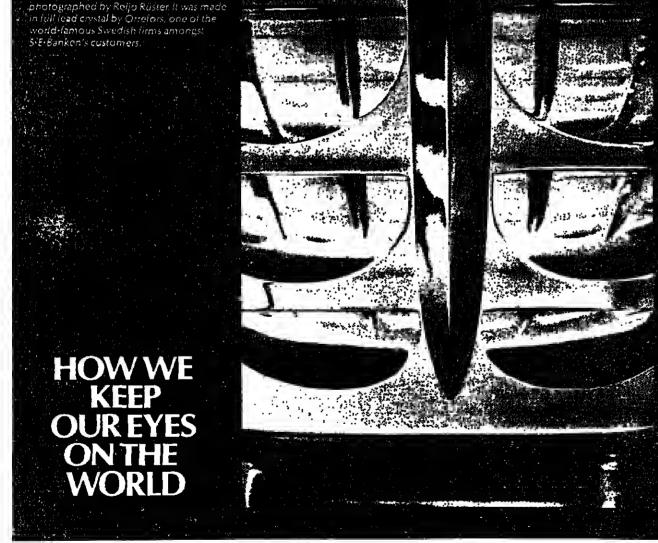
The continuing debate about arms sales policy is more vigorous. If Sweden is to remain vigorous, if Sweden is to remain neutral and independent it needs in be mainly self-sufficient in arms supply, so it manufac-tures everything from front-line fighter aircraft to tanks and

artillery.

To make this more feasible economically it is essential that the weapons manufacturers be able to export their products But this raises questions about the morality of arms sales abroad. Sweden prohibits arms exports to countries actually in armed conflict or into areas of

potential conflict.
There is also a ban on sales to countries that fail guarantee that such arms will not be exported to third parties Recent revelations the Bofors, e leading gun manu facturer, may have sold weapons to the Middle East through intermediaries in Singapore and Yugoslevia have only added to given further relevance with the 10bn sale of artillery to India.

David Lennon



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· Manday July 9

The Economy

# Oil price fall lifts the gloom

SWEDEN'S short-term economic SWEDEN'S short-term economic-prospects have improved sub-stantially thanks to falling oil-prices, the lower dollar exchange rate and reduced international interest rates.

The gloom that pervaded most economic forceasts towards

the end of last year has lifted. According to Mr Kjell-Olof Feldt, the Swedish Finance Minister, Sweden now has "a unique opportunity to eliminate remaining imbalances in the economy and to establish a

sustained low rate of inflation." Whether such confidence is justified remains to be seen. The country's ability to slow labour cost increases to the level of competing countries is still under question, and there is little doubt that Sweden's inter-national competitiveness will be further eroded this year.

The country faces serious labour market difficulties with particularly intractable problems in the public sector, where negotiations could drag on until the autumn. Because of the big carry-over from last year public sector wages will rise by at least 6 per cent in 1986, even without the addition of a single ore in this year's negatives.

negotiate a two-year agreement megorate a two-year agreement with virtually no additional increase in 1986. Such an approach appears to guarantee a long hard summer on the labour front: Strikes bad broken out in the bealth service among doctors and social workers in

In the private sector national framework agreements have been reached by SAF, tha Swedish Employers Federation, with both the blue collar and with both the blue collar and the white collar workers' union casts presented in the reviseu confederations, but translating national budget for 1986/87 these agreements into binding presented a much more settlements at local level is optimistic picture than the budget published in early fraught with serious problems. Crucially, bowever, the agree-

ments cover two years and give wage increases in 1987 below the 1986 level. According to the pay deal struck at national level, wage costs are supposed to rise by 9-10 per cent over the two years, but many economists believe wage drift could still push up industrial wages this year by 7.8 per cent.

There is a gaping loophole over the development of the rate of inflation. If this exceeds year the unions can demand fresh negotiations, which could mean that trouble has simply



Kjell-Olof Feldt: opportunity to eliminate remaining imbalances

Equally any wage drift above an agreed level of about 1.5 per cent in 1986 is supposed to be subtracted from next year's rises, but opinions vary on how this clause should be

international economy mean, surplus of SKr 11.1hn from o international economy mean, however, that Sweden has o year earlier. According to the better chance than for many years to deal with structural imbalances. The official forecasts presented in the revised nearly, half the improvement stemmed from the steep fall in oil prices.

On a per capita basis Sweden remains one of the largest oil consumers in the world. Largely because of falling oil, prices the current occount of the balance of payments is expected to show a SKr 3.4bn (£313.4m) surplus instead of the SKr 5.3bn deficit forecast

in January.

Sweden's external payments position has improved markedly this year. Last year it ran up a current account deficit of SKr 9.4bn compared with a modest surplus of SKr 8.2bn in 1984, the first surplus since

In the first three months of 1986 the current account showed a surplus of SKr 2.9bn com-pared with a deficit of SKr 8.2bn in the same period of 1985. In the first four months of 1986 the trade balance swung into a Dramatic changes in the surplus of SKr 11.1bn from onternational economy mean, surplus of only SKr 1.7bn a

> The underlying trade picture, excluding oil and ships, has also brightened this year, however, while the value of exports in the first four months rose by 5 per cent, the value of corresponding imports has fallen by 1 per cent. by 1 per cent.

Falling oil prices and lower last six months. In this international interest rates are the Government raised its fore-the halving to bring inflation cast for the growth of gross product (GDP) to also helping to bring inflation to the lowest level since the 1960s. Optimistically the 1960s. Optimistically the some 2 per cent from the Janu-Government is forecasting that ary level of only 1.8 per cent. the 12-month rate of consumer price inflation will have declined to little more than 2 per cent by December with an average increase for 1986 of 35 per cent

Inflation of the end of April reached in 1983, but it was still

1.5 per cent annual growth.

Compared with the previous years of stagnation and reces-sion, the Swedish economy bas

the third year in succession that the growth rate had surpassed the 10-year trend of a meagre

staged a sustained recovery since lata 1982. At the same time the country has managed to maintain one of the lowest levels of unemployment in the industrialised world, with the number officially ont of work under 3 per cent. The achieve-ment is still impressive, even if the figure is nearly doubled to include those benefiting from job creation measures or re-

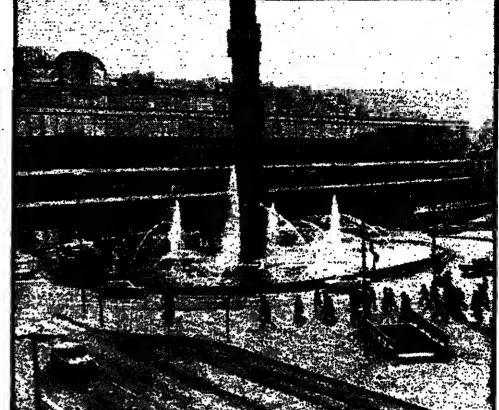
job creation measures or re-training programmes. Private consumption and investment provided the main impulse to growth last year. With a rise of 2.7 per cent consumer spending increased sharply in comparison with recent years. The Government expects private consumption to play an important role again play an important role again in 1986 with a further rise of 2.7 per cent helped by a stronger development of real disposable incomes.

After several years of falling real wages when high nominal increases were quickly eroded by rampant inflation Swedes are now enjoying a modest improvement in purchasing power. Large increases were reported last year for purchases of new cars, radio and television sets as well as clothes end shoes, and the upsurge has continued into 1986.

was down to 4.5 per cent on a 12-month basis and is forecast to fall to 2.3 per cent by December compared with 5.8 per cent in December 1985 and 8.1 per cent in December 1984. continued into 1986.

In March the retail sector enjoyed its strongest single month so far in the 1980s. Retail sales volumes were 4.4 per cent higher in the first three months than in the same period last year. For the moment the improved curent account position has left some room for higher consumer spending, which inevitably sucks in higher import volumes, but tha strength of private consumption is causing some concern in the worryingly Sweden still has some way to go to close the inflation gap with its chief rivals in international markets. The rate in its eight main trading partners had already fallen to an average 2.3 per cent in March with West Germany and the Netherlands showing the lowest rates of increase at just 0.1 per cent and 0.7 per cent is causing some concern in the Finance Ministry. It is also cited by Mr Bengt Dennis, governor of the Swedish Central Eank, as an important reason for the

outhorities' continuing caution in lowering interest rates. For Swedes, however, the consumer boom has been a long it intends to persevere with its time coming, and in the longer restrictive budget policy—it is perspective of the last 10 years also seeking to draw in the perspective of the last 10 years
the development of private consumption has been rather weak.
Since 1975 it has increased by
only 6.8 per cent compared with
a corresponding figura for the
OECD as a whole of more than
30 per cent.
Real disposable income rose



Sweden's Parliament, the Riksdag. One of the Social Democrat Government's successes has been to prune back the state budget deficit

by about 2 per cent last year, but it was still only 1.5 per cent higher than in 1975. At the same time bousehold saving continued to decline and the saving ratio was calculated to have fallen below zero last year.

With the blghest tax burden in the Western world and the largest public sector, the Swedish Government is now seeking to hold back public expenditure to make room for real wage increases. real wage increases.

One of the undoubted successes of the Social Democratic Government in the last four years bas been to prune back the bloated state budget deficit. Here too it is receiving welcome assistance from the weaker US dollar and lower interest rates. The latest forecasts of a budget sbortfall of some SKr 45bn in the year 1986/87 show that the deficit

surplus liquidity of the local authorities—and it luslsts that at central government level any increases in expenditure must be compensated by cuts else-where in the budget.

The Swedish economy Public consumption ... Central government Local government Gross fixed investment ......
of which: Industry ...... Stockbuilding\*
Exports of goods and services Imports of goods and services GDP Employment (no. of persons) Unemployment level (per cent) Consumer prices (Dec.-Dec.) ... Mining and m'nf'ng (per cent) Budget balance (bn kroner) ...

† Estimated.

bas been almost balved since Balance on current account

	1984	1985	1986†
Exports of goods	242.5	260.0	271.1
Imports of goods	217.9	244.0	243.5
Balance of trade	24.6	16.0	27.6
Errors and omissions	-3.7	-3.6	-3.2
Balance of services	9.4	9.5	7.2
Balance of transfers	<b>−27.1</b>	~ 31_3	-28.Z
Balance on current account	3.2	-9.4	3.4
† Estimated			
Source: Ministry of Finance			

# We also completed a cottage hospital back home in Sweden

Worrylingly Sweden still has

0.1 per cent and 0.7 per cent

Whila the growth of the Swedish economy will lag behind the average for the OECD countries this year, the ontlook has improved over the last six mooths. In late April the Countries tribed its from

domestic product (GDP) to some 2 per cent from the Janu-

GDP rose last year by 2,3 per

cent. This was less than the 3.4 per cent achieved in 1984—
o year of very strong exportled growth—and marginally below the level of 2.4 per cent

respectively.



IN SRI LANKA, THE GOVERNMENT COMMEMORATED THE INAUGURATION OF THE EAGERLY AWAITED HYDRO POWER PLANT IN KOTMALE BY ISSUING A SERIES OF STAMPS.

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**SKANSKA 1985:** 

Consolidated Balance Sheet, December 31, 1985. In millions of Swedish Kronor (SEK M). Exchange rate: SEK 1,000=USD [4] (April, -86). Liabilities and shareholders' equity. Current liabilities 4,221 Uncompleted contracts Invoiced sales from beginning of contracts 17,677. properties lated expenses 11,290 from beginning of Other receivables 391 Shares and participations 7,523 4.127 Machinery and equipment Fixed-asset properties 947 Long-term liabilities 3,772 Untaxed reserves 4,558 Capital stock 617 Consolidated revenues 1985 - SEK 14,957 M



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# **Budget strain** puts pressure on target

Foreign Aid

level of foreign aid spending, of earlier soft loans have been the cornerstone of its stance written off. A system of conces-in relation to developing coun-sionary credits (with a 25 per

Carefully cultivating its image in the Third World, en important market, Sweden is officially committed to speeding 1 per cent of Gross Domestic Product (GDP) on aid to underdeveloped coun-

Stockholm is quick to remind former colonial powers of the "heavy historical responsi-hility" they bear for their "control and systematic ex-ploitation of the natural ricbes" of the Third World

Yet a closer look at Stockholm's policy reveals thet, under the pressure of hudget constraints, the much-touted 1 per cent commitment (to only hy what some political opponents term "creative book-keeping."

Further, not even Sweden is an exception to the general rule that foreign aid (comhined bere with the newly-inaugurated "balance of payments support" system) is of at least as much aervice to the economic and political goals of the donor as it is to those of the recipient.

About one-third of Swedish

Ahout one-third of Swedlsb aid is tied, and as much as 50 per cent of total disbursements return directly to the coffers of Swedish multinational companies, an official at the SIDA development agency

Roughly 30 per cent of Swedish foreign aid is channelled through the multilateral institutions such as the World Bank and UNDP. The bulk of nelled through the multilateral lastitutions such as the World Bank and UNDP. The bulk of direct ald is edministered by SIDA on a programme-country basis, end by BITS, the Commission for Technical Assistance.

Sectors."

However, the government last endered to bave home for its attempts to use aid to further ideological and foreign policy goals not necessarily related to development, into unknown countries with too big sums," the retiring SIDA and Nicaragua.

ONE OF SWEDEN'S most A reletively high proportion cherished foreign policy claims of Swedish ald takes the form is its commitment to a high of direct aid — and a large part written off. A system of concessionary credits (with a 25 per cent grant element worth roughly SKr 500m) also exists to finance the purchase of Swedish-produced goods and

Of the total hileteral aid, about 45 per cent is sent to countries in southern Africa Including Mozamhlque, Zambla and Botswana, as part of Sweden's attempts to counter South Africa's destabilising policies in the region. cies in the region.

This year the government has proposed total foreign aid as proposed total foreign alo spending of SKr 8.94bn, an in-crease of SKr 880m. Roughly half of this increase is to be used to write off the dehts owed by the three above-mentioned nations, plus Vietnam, for goods already delivered by Swedish companies.

This so-called "balance-ofpayments " aid has drawn sharp criticism, not least within the organisation for Economic Co-operation end Development's (OECD) Development Aid Com-

Moreover, a large part of the moreover, a large part of the annual appropriations in fact have not been dishursed. As one OECD source put it: "These little quirks make one wonder why they want to introduce blemishes on an otherwise good record."

The Swedea have though made great efforts to improve the effectiveness of their aid system, following several controversial and expensive large scale projects.

Among these have been the Bai Bang forestry complex in Vietnam which, although it bas soaked up the hulk of the SKr 4bn in aid which Sweden has sent the country since 1970, is generally considered to bave



Sten Andersson, Foreign Minister: human rights no impediment

Director, Mr Anders Forsse, concedes "we were in too hig a hurry, we didn't know enough, and the personnel were not always adequately qualified."

The agency's newly-appointed chief, Mr Carl Tham, says "In the future, 1 believe we will have to be more careful with hig projects."

hig projects."
This implies an increasing focus on "grass roots" efforts.
The OECD has already clted
Sweden for "the priority given
to agriculture, rural development and the satisfaction of the basic needs of the poor . . . (its) . . . aid has increasingly focused in directly productive

Ms Margaretha af Ugglas, a prominent Conservative party Parliamentarian, has unsuccessfully spearbeaded an attempt to cancel all existing Swedish commitments to the Bai Bang

project in Vietnam.

"It is inconceivable." she says, "that this project can be allowed to continue despite the fate of the boat people, the cootinued occupation of Cambodia. and forced labour at Bal Bang." However, Sweden's Foreign Affairs Minister, Mr Sten Andersson, responded in a recent Parliamentary dehate that buman rights deficiencies that buman rights deficiencies 
"cannot in general be cited as 
an impediment to co-operation 
with developing countries." 
Nonetheless, he warned, 
"human rights have come to 
play an increasingly important 
role in the selection of countries, in the design of ald and 
in decisions to discontinue 
development assistance." Trade

# Erosion of competitiveness

SWEDEN'S TRADE surplus declined to SKr 15.8bn last year from SKr 24.3bn in 1984 and the country lost market shares ebroad despite e 3 per cent rise in the volume and a 7 per cent increase in the value of exports.

The economy is highly dependent on trade, with about 50 per cent of its output of manufactured goods exported, Europe, both EEC and EFTA, is the largest customer, provid-ing nearly 70 per cent of the

ing nearly 70 per cent of the country's export market. Rising costs and higher-than-average inflation eroded its competitiveness during the 1970s, but that was offset during the 1980s hy devaluation of the krona in 1980 and 1982. More recently, the movements in exchange rates, such as the falling dollar and the strengthening Deutschemark, have been beneficial. So has the lower oil price, with certain exceptions.

ing Deutschemark, have been beneficial. So has the lower oil price, with certain exceptions. The purchasing power of three important customers—Norway, which accounts for 10.5 per cent of total exports, the UK, with 10 per cent, and the Soviet Union, which though it has only 1 per cent of the total is the largest Eastern hloc customer—is expected to be adversely affected by the decline in revenue they are sustaining as a result of the fall in nil prices.

But this loss is likely to be more than offset by the positiva effect of oil price changes on Sweden's other main trading partners in the EEC as well as the reduction in the energy import hill, which was 20 per cent of the total last year.

Last year imports climbed at a much faster rate than exports, up by 12 per cent in value and ner cent in value and

up by 12 per cent in value and 9 per cent in volume, according to the Central Bureau of Statistics. Imports totalled SKr 243.6hn in 1986.

SKr 243.6hn in 1986.

The trade surplus would have heen even lower had not export prices increased faster than import prices during the year.

The export boom of 1983 and 1984, which had been stimuleted by the 16 per cent devaluation of 1982, was clearly flagging when the 3 per cent volume increase is compared to the 5 per cent increase in 1984 and the 12 per cent rise in 1983. pricea increased faster than import prices during the year. The export boom of 1983 and 1984, which had been stimuleted by the 16 per cent devaluation of 1982, was clearly flagging when the 3 per cent to the EEC had been rising in volume increase is compared to the E per cent increase in 1984 and the 13 per cent rise in 1983. Total foreign sales last year were SKr 259.4hn.

A substantial increase in imports was a strong factor in significant market, though it is registed.

imports was a strong factor in dragging the current account of the halance of payments into an estimated deficit of SKr 10.3bn last year compared



had ahown a current account surplus.

The growth in the value of exports to the US, which inst year went ahead of West Cermany as the largest single country market with an 1t.6 per cent share, slowed down last year. Sales rose by a dramatic 49 per cent in 1983-84 and a more modest 9 per cent in 1985.

By the last quarter of 1985.

ing strongly to more distant and previously neglected markets such as Central as year. Australia, up 28 per cent; and China, up by a massive 83 per cent in 1985.

Trade co-operation with Sweden'a Nordic neighbours continues to be significant. Last year Norway, Denmark, Finland and Iceland accounted for 25 per cent of the export market.

By the last quarter of 1985, however, the falling dollar meant that the value of Swedish exports there ectually fell hy 6 per ceot.

with a short-lived surplus of accounts for some 17 per cent SKr 3.2bn in 1934—the first of Swedish exports. time in a decade that Sweden had shown a current account ing strongly to more distant and accounts of the strongly to more distant and accounts.

per cent of the export market.
Stockholm, in concert with the
other Nordic capitala, has been
active in identifying and eliminating technical and administrative nbstacles to the growing
trade co-operation between trade co-operation between enterprises across their bordera.

The government is forecasting a slight improvement in the trade surplus this year, to SKr 15.2bn, with a 4.5 per cent volume increase for exports and

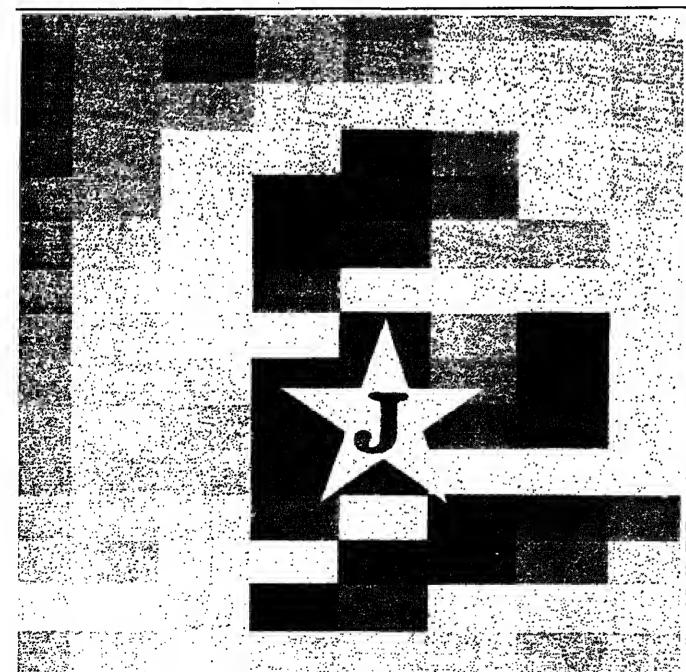
in 1984. Machinery for specific prised 12 per cent of this specialist category and rose 18

per cent in value.

Energy, which accounts for about 10 per cent of total lmport value, rose 10 per cent. The hulk of this was crude oil, some 53 per cent of which comes from the UK. The Middle comes from the UK. The Middle
East now supplies ooly 2 per
cent of crude imports, compared to 50 per cent in 1980,
Although accounting for only
ahout 1 per cent of total exports, arms sales have always
been a contentions issue in
Swedeo. Official policy is not
to sell weapons to nations at
war or likely to get loto a conflict.

to the EEC had been rising in recent years, though there was a little improvement last year.

EFTA, of which Sweden is an important member with a larger population than Austria to Switzerland, continues to be a significant market, though it is declining gradually as exporters to concentrate their marketing efforts in the main EEC member goods were up 15 per cent in the practice this appears to be open to interpretation and thus to controversy. The recent agreement to sell SKr 10bn worth increases also of its kind — on the one hand a major export victory and on the other a diplous stretching goods were up 15 per cent in down for Sweden's merchants of death.



### PROGRESSIVE SHIPPING

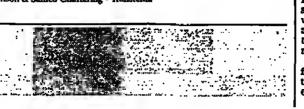
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Mr Ingvar Carlsson, the Prime Minister, presides at a Press conference last month to announce a judicial inquiry into the full circumstances and repercussions of Olof Palme's death. The assassination has had far-reaching effects on a Sweden which has changed considerably in the past decade

**Immigration** 

# Huge change in Swedish society

WHEN Mr Ingvar Carlsson met the Press for the first time as acting Prime Minister in the grim first hours following the assassination of Mr Olof Palme, an odd-looking hit of plastic stood out on the lapel of his black suit the post-war parameters of the country. The complexion of Swediah into open fiame.

The complexion of Swediah into open fiame.

The complexion of Swediah into open fiame.

Local communities have become increasingly unwilling to accept responsibility for the resettlement of refugees, with they have little experible as the ward horse growth they have little experible as the ward horse growth as some quarters of the country.

The complexion of Swediah into open fiame.

Local communities have become increasingly unwilling to accept responsibility for the resettlement of refugees, with they have little experible as the ward of the country. black suit.

It was the brightly coloured shape of an upheld hand, the French-inspired SOS anti-racist logo — printed with the edmonishment: "Hands off my friend! " The same symbel was printed

on T-shirts pointedly worn by the entire choir which sang the country's farewell at Mr Palme's funeral. But another more disturbing sign could be seen on the streets — the letters DSS traced on to grimy windows, spray-painted on to walls and carved into trees. Translated, it means "Keep Sweden Swedish."

The Government's conscious racist theme into the sombre proceedings following Mr Palme's death represented en represents a revolutionary attempt to counter the then change," Mr Palme declared. attempt to counter the then widespread suspicion that the assassin might have come from

the ranks of Sweden's own immigrant community.

The fear was that this could fan the embers of latent hostility and resentment, which exists to a growing extent in granted asylum, there have

haps the most homogenous cul-ture in Europe has found Itself dealing, for the first time in its history, with the consequences of large-scale immigration.

In 1950 Sweden had only 89,000 foreign-born residents.

As a further indication of corresponding to 1 per cent of that population. The overwhelming majority of these came from other parts of Scandinavia.

As a further indication of and sharp penalities including attitudes, other parts of offenders.

The Bill also establishes an immigrant rights omhudsman, other parts of Scandinavia. Of today's 8m population, 645,000 people, or 4 per cent, are immigrants. Now, more than half came originally from

outside the Nordie region.
Since the Second World War, the country has accepted successive waves of refugees from Eastern Europe, Latin America, the Middle East and Indochina.

"This multi-cultural society It was perhaps too much to expect that the country could

which they have little experience since the majority of immigrants have been concentrated
in the larger cities so far. Complaints of discrimination at the
workplace in restaurant workplace, in restaurants and in seeking housing are growing.

regional council of the small immigrant rights omhudsman, ultra-Rightist Skane Party. Its doubles state aid to immigrant platform includes a strong anti-immigrant plank, which prompted Mr Pierre Schori, the caused by )arge-scale immigra-State Secretary, to openly tion.
accuse it recently of "racist Wh

Gradin, admitted frankly. With stronger, as for example in the recent sharp rise in the neighbouring Denmark.

Rumbers seeking asylum,

However, immigration authori-

United Nations High Commisthe influx

Local communities have become increasingly unwilling to accept responsibility for the resettlement of refugees, with severe strain on the country's accept the paye little country accept the paye

THE Y

と言語: 17. Bill A M

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Figure .

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gration policy Bill. It proposes, among other things, e )aw against racial discrimination

While attitudes have hard-ened considerably what is per-"There are tendencies towards zenophohia," the immigration Minister, Ms Anita

Creation admitted reality With

mumbers seeking asylum,
"many people feel that we are being flooded."

Nor are the authorities blameless. Amid growing numbers of asylum seekers, tougher official handling of refugee cases has drawn sharp to the seeking asylum this yeer, and government may soon find itself facing an irresisting pressure to abandon its historically ilberal policy. follow the path of fugee cases has drawn sharp policy, follow the path of criticism, not least from the Denmark and sharply tightea

# SWEDISH COMPANIES. ON THE MOVE TO HIGHER PROFITS









NINETEENEIGHTY-EUG-WAS A COURT WAR FOR MANY SWENSWAS MEANIES POSSIVE GROWTH-COINES ARE PAYING THE WAY TO HIGHE PROFIT-MARGINS.

HAMME A STREET WEIGHT BRICE AT A MIRWAY AND IT'S FUTURE DIRECTION CAN BE ESSENTIAL FOR THE SERIOUS INVESTOR

THE AMMUAL REPORTS COMBAST EXCITED NEXT PER WEEKS OF THE POLIPHANES AS TED RELEASE VIEW AND BE A POWERPUL TOKE IN EVALUATION OF THE CHARACTER AND THE PARTY OF TH

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# Slower growth and long wait for an upturn

SLOWER GROWTH in production goods," says Mr Rune, who is tivity this year, wage settle looking to 1990 for the next ments almost double those of rival producers, and a weakening world husiness cycle are the less-than-cheering facts facing Sweden's vital engineering in-

Described as the heart of Swedish industry, the engineering sector (excluding shipping) did wall in 1983 and 1984. Last

did wall in 1983 and 1984. Last year pcoductivity rose by a respectable 6 per cent, to total SKr 230hn. Good though this was, it was disappointing for an industry which anjoyed a 10 per cent increase the previous year. Growth this year will be no more than 4 per cent for the Industry as a whole, says Mr Andars Rune, chief economist of the Engineering Employers' Association. He believes that 1987 could be "zero year" with no change in investment or prono change in investment or pro-duction, and possibly a decline

"The hottom will coma in 1988, but that will be at a much better point than eartier troughs," he forecasts.

With the phase of Increased Industrial investment in the US now over, be says, demand for Swedish products there will lessen. Elsewhere, the lower oll price, which he regards as welcome but temporary, will lead to a rise in private con-

But this will be less significant for our industry because we mainly produce investment

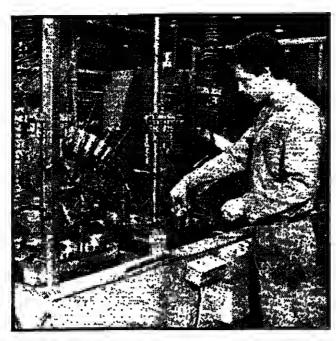
upturn of the business cycle. But the picture is far from total gloom and doom. Com-pared to the overall industrial performance of the Swedlsh economy last year, when production grew by only just over 2 per cent, engineering did well. As it accounts for 40 per cent of industrial output and close to 50 per cent of industrial ex-ports, continued growth, even at

a slower rate, remains crucial to the nation's well-heing. While it is small by international standards, accounting for barely 3 per cent of world trade in engineering products, the key cole the industry plays in Sweden can be seen from the fact that it accounts for five of the country's ten largest in-dustrial companies. Another three of the top ten are conlomerates with major engineer-

ing subsidiaries. It employs 380,000 people. coughly 10 per cent of the total labour force in workplaces ranging from the giant to the tiny.

More than half of the 4,000 engineering factories have fewer than 20 employees.

Exports accounted for 54 per cent of production last year, with the volume up hy 6 per cent over 1984. The total value of foreign sales rose by 11.7 per cent, to total SKr 123hn. In 1984 the growth in the volume of exports was 2 per cent, while the increase in value was 19 per



Multi-drill machine at Atlas Copco. Engineering is a key part of Sweden's industrial activity.

Western Europe is the largest market for all Sweden's exports. This holds true for engineering, which sold 36 per cent of its output there. The Nordic market accounted for another 20 per cent, with the US increas-ing its share from 12 per cent in 1982 to 19 per cent in 1985.

The Swedish Engineering Employers' Association (SEEA) predicts a solid increase in exports to Western Europe, especially West Germany, in the com-ing six months. However, SEEA officials warn members that West Germany is Sweden'a largest competitor, especially in vehicles, and that its productivity is expected to rise more than Sweden's while its wages increase by only half the Swedish rate.

Swedish enginaaring's long-standing international success is based on some key inventions and innovative management:

sion equipment, industrial pro-cess control and alectronics. cess control and alectronics.

Not all the traditional industries have fared wall, however.

Sweden once had a 10 per cant share of the world sbiphuilding market and was the world's third largest in terms of tonnage huilt. The Government's decision in February to close Kockums, the last of the hig state-owned yards, means that

state-owned yards, means that the merchant shipbuilding industry is now dead. This marked the end of a nine-year struggle by the Government to keep the industry aftest and turn a profit

SKF became the world's lar-

gest manufacturer of coller bearings thanks to the invention

phone set and later digital telecommunication aystems, and

Electrolux with the absorption

refrigerator (no moving parts).

Management capabla of adapting to change and the in-

vantion of new production techniques have helped Volvo, the

car, bus and lorry maker, to achieve fama and prosparity, while ASEA has become

Europe's largest manufacturer of cohots and a powerful competitor in the world market for

power ganaration and transmis-

availing attempt to make a slimmad-down industry more competitive.

But even as the shipbuilders have been moving out of the picture, the car makers have been moving ln. Saab-Scania announced that it would build a car plant in Malmo to take up the labour slack caused there by the Kockums closure. A year ago Volvo agread to set np a plant at Gothenburg when the Government announced the closure of the Uddevalla shipbuilding yard

there.
The vehicle engineering ladustry has been the success story of recent years—especially the soundly built Volvo cars which have done so well in the US and the UK. Volvo trucks and those of Saab-Scania have

also sold wall. also sold wall.

Transport is the second bighast employer in the engineering industry, with 97,000 workers. The weaker dollar is expected to shave Volvo's previously handsome margins in the important US

market for the immediate future, bowever.

The electrical sector, which had been doing well until tha beginning of 1985, has suffered from a steap decline in demand, but it is still regarded

as a growth area.

But the sama is not being said by SEEA officials about

# I IGGESUND

Iggesunds Bruk is a forest industry enterprise with some 3,000 employees. Total sales in 1985 amounted to Skr. 2.8 billion and the profit after financial income and costs amounted to Skr 125 million.

Almost 80% of the company's output of pulp, paperboard and sawn timber products are exported. The Group is organised in three divisions: Forestry, Timber Products and Pulp/Paperboard.

In 1985, the earnings of the Timber Products and Pulp/Paperboard Divisions declined sharply, while the profits of the Forestry Division improved.

The Group's fixed capital expenditure totalled Skr. 394 million.

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In dustry

# Export orders up 10 per cent

"SWEDISH UNIONS have a very open attitude to rationalisation and structural changes," says Mr Stig Malm, leader of LO, the country's powerful blue collar workers trade union confederation. "Even at 30 per cent unemployment in the 1830s we took the position that we should be in favour of new technologies."

Sweden is among the countries that have come furthest along the path of rationalising and restructuring old industries. It tried the expensive route of trying to keep ailing industries alive with heavy state subsidies during the 1970s, but with tha return of the Social Democrats to power in 1982 It has emharked on a more offensive Tha dramatic 18 per cent de-

valuation pushed through in October 1982 restored industry October 1982 restored industry profitability and since then industrial policy has shifted away significantly from subsidisation towards a more general of the self-aligning ball bear-ing. Alfa-Laval made its nama with the cream saparator, LM Ericsson with the hand teleapproach to creating favourable conditions for long-term growth. Over the last three years

Swedish industry has ataged a strong recovery in terms of production, profitability and invest-ment. This year could prove to he another year of record profits, as the economy par-forms mora strongly than originy expected and Sweden gains fresh impetus from exports European markets.

While the fall in the valua nf the US dollar has hit some Swedish companies—the US after all took over from West Germany last year as Sweden's pensated by the corresponding fall in the value of the Swedish krona against the D-mark and other European currencies. Given the way the Swedish currency basket works, the weakening of a major com-poneot such as the US dollar automatically leads to the strengthening of other curren-

In March industrial production rose by 2.7 per cent from February and was 2.8 per cent industry afficiat and turn a profit higher than a year earlier, through a restructuring programme. The rapid reduction of capacity cost the state August last year. Production in SKr 35hn in the eventually unavailing attempt to make a slimmad-down industry more

Activity in the engineering half of the year.



Manufacture of carton-filling machines at Tetra Pak, Lund

sector—excluding shipbuilding
—is at a very high level, and
since it reached the bottom of the recession in the fourth quarter of 1982 production has risen by 30 per cent. Output in the first quarter of 1986 wrs 4 per cent higher than in the previous three months and was the highest level aver recorded.

In the paper and board sector output in March rose by 2 per cent from February and was fully 6 per cent higher than a year earlier. The strong growth

of 1964 weakened last year, but in the first quarter of 1986 production rose by 4 per cent from the last three months of 1985 and established a new record level for output in a single quarter. New orders to industry also

showed a further improvement in the first quarter and were some 4 per cent higher than a year earlier. Export nrders showed a jump of fully 10 per cent, while orders from the bome market were down by 2 per cent. Industry's production plans for the second half of 1986 have been expansive, and most expect the positive trend to continue through the second

Industrial investments jumped hy 18 per cent last year to reach the highest level since 1976, hut they were some way below the peak year of 1975. Opinious are still divided on what level investments will reach in 1986, hut according to studies made hy the Central Statistical Office investments should at least match the 1985 level.

Excluding the pulp and paper

Excluding the pulp and paper industry, which had very high investment expenditure in 1985 tha rest of industry could increase the volume of spending

hy some 5 per cent.

While the performance of Swedish industry during the second half of the 1970s and second nair of the 1970s and the beginning of the 1980s was rather poor—production in 1982 was. lower than eight years earlier — developments were under way which have helped to transform the country's industrial structure.

There was a considerable reduction in activity in a number of basic and traditional sectors such as iron and steel, shiphullding and textiles with the level of employment in these acctors halving in 10 years, The restructuring was eccompanied by massive government aid to soften the blow and limit the

social costs of large sectoral and regional unemployment. At the same time there was a relatively sustained expansion of other engineering sectors such as transportation cars, electrical and non-electrical machinery and in particular information technology - hased industries.

The process of industrial restructuring bas again been graphically illustrated this year in the contrasting fortunes of the shiphuilding and car indus-

tries.

Earlier this year the Government decided to close the country's last merchant shipbuilding yard, Kockums, in the south of Sweden. The blow was softened by the simultaneous announcement of plans by Saab-Scaria to build a new car plant on the site of the doomet ship. on the site of the doomed ship yard. The Government had been able to pull the same rabbit out of the hat little more than a year earlier when Volvo announced that it would build a new car plant at the world build a new car plant at Uddevalla another merchant shiphuilding yard, which has closed this year.

The closure of the shipyards marks the and of an era for Sweden, which little more than a decade ago was the world's second largest merchant shiphuilding country after Japan.

According to Mr Thage Peterson, the Swedish Industry
Minister, the state bas committed more than SKr 35bn (£3.2hn) in slate aid to the ship-building industry in the last 10 years, but there was still no

prospect of building merchant ships on a commercial basis before well into the 1990s at the earliest.

The Government estimated that continued production at Kockums of merchant vessels would need aid of around SKr 50m a year for the fore-

seeable future. "Resources should be put into sectors with better prospects, not into an industry which has no customers and nrders," says Mr Pelerson.

Few other shiphuilding nations have reduced so much

cspacity so quickly, but even Kockums, which bas ranked among the most efficient ship-yards in the world has found it impossible to remain profilable.
The whole restructuring exercise in Sweden offers some sobering lessons to decision makers in other European makers in other European government ministries and ship-

Kevin Done

# An appetite for acquisitions

Electrolux's latest big takeover has made it the world's biggest maker of household appliances, Kevin Done reports.

ELECTROLUX'S voracious appetite for acquisitions is apparently naver satisfied. In the space of a couple of decades it has bought more than 100 companies in 40 countries, but market for the immediate evan by these atandards it has future, bowever.

> At the end of 1984 it bought up Zanussi, the Italian white goods manufacturer, establishing itself in the process as tha unchallenged laader in the European household appliances market.

said by SEEA officials about the machinary and matal-working sectors. Demand has weakened and the short-terms forecasts are far from optimistic, aspecially given the lahour unrest which is besetting industry in ganaral and metals in particular.

David Lennon

David Lennon

market.

The joh of rescuing the hattered Zanussi group from the brink of bankruptcy and shak-ing it back into profit appeared undoubted restructuring skills, but with harely a pause for breath it returned to the take-ovar trail this spring with its most amhitious acquisition to date, the \$745m purchase of White Consolidated Industries, tha third largest white goods manufacturer in the US.

The loh of rescuing the hat-tered Zanussi group from the brink of bankruptcy and shak-ing it back into profit appeared to challange aven Elactrolux's undoubted restructuring skills, but with harely a pause for breath it returned to the take-ovar trail this spring with its most amhitious acquisition to date, the \$745m purchase of White Consolidated Industries, that third largest white goods manufacturer in the US.

The acquisition of Whita Con-solidated has made Electrolux the higgest manufacturer of household appllances in the

world.

Al the end of last year the group had a turnover of SKr great degree of fexibility, and 39.7bn and a workforce of soma in internationally-recognised brand names."

In the US Electrolux had hitherto pursued a niche stake from the original 49 per cent to more than 90 per cent.

As a result of this move to- xether with the takeover of White Consolidated, Electrolux (Changes in the strategy of its proun sales will catefully to major competitors had been group sales will catapult to about SKr 60bt while the groun workforce will grow to 125.000. It could take some time helore the growth in profits begins to keep pace. "We can-not promise any immediate, marked improvement in earnings." says Mr Anders Scharp, group chief executive. "The costs always come before the income is generated." Electrolux has already managed to bring the beleaguered Zanussi back into profit, however.

A tough series of cost-cutting measures and a far-reaching remeasures and a far-reaching re-structuring programme mean that Zanussi began to operate profitably on a monthly basis from last September, bringing to an end years of heavy losses. The 1984 loss of SKr 723m (after interest and tax) was cut to a deficit of SKr 148m in 1985. In the first quarter of

financial Items) compared with world."
the loss of SKr 81m in the same The 1 period of 1985. Electrolux's

Electrolux's recipe for Zahussi has included hringing in a new management as well as a cut in the workforce hy some 3,000 during the year. At the same time it has increased product exchanges between Zanussi and the rest of the Electrolux group, it has coordinated tha administration and distribution of the sales companies and begun major investments to make the Zanussi plants more highly-automated and flexible in order to ensure low production costs. low production costs.

In the US, Electrolux also faces a major challenge if it is to hring White up to the levela of profitability achieved by its leading rivals General Electric

leading rivals General Electric and Whirlpool. The management of the Swedish giant heliaved that it was imperative for it to enhance its presence in the US market, however, and White offered perhaps the best opportunity available.

Mr Scharp says: "There are three principal markets for consumer durables in the world—Western Europe, the US and Japan. To ensure long-run survival it is necessary for a company to he well-established in more than one of these regions.

"It is essential to be large enough to make possible the necessary investments in re-

necessary investments in re-search and development, in highly-automated production systems, which also allow for a great degree of flexibility, and

Changes in the strategy of its major competitors had begun to make this approach untenable in the long run, bowever, as both General Electric and Whiripool moved to broaden their market base.

The blg US groups had started to invest heavily in new products and new production equipment in order to expand into other sectors of the bonsehold appliance market. Electrolux found increasing

difficulties in its ettempts to offer a complete programme from its more limited US base. while at the same time General Electric and Whirlpool had become more active in its own

product sectors.

It faced a stark choice. "Our policy alternatives were either to expand or to withdraw." Mr Scharp told shareholders at the to a deficit of SKr 148m in company's recent annual meet-1985. In the first quarter of ing "We find it hard to see 1986 Zanussi showed a first ourselves withdrawing from the modest profit of SKr 22m (after largest single market in the

The response was impressive the response was impressive even by Electrolux's previous standards. The \$745m acquisi-tion of White is the biggest foreign takeover ever made by

a Swedish company.
White is the third largest bousehold appliances manufacturer in the US, with annual sales of just under \$2hn, but it has noly mediocre profitability with pre-tax earnings last year of just \$51m. It was already in the process

of being restructured before Electrolux appeared on the scene, however, and its opera-tions have been concentrated increasingly towards household increasingly towards household appliances. A couple of years ago it dropped about 10 different loss-making lines of business taking a \$129m write-down in the process, but it is still activities outside white goods that pose the biggest nroblem. Its machine tools business mada a \$30m loss last year.

According to Anders Scharp, in housebold appliances White Consolidated and Electrolux's existing US subsidiary Tappan complement each other well, however. As a result of the takeover the new group will emerge as US market leader in ranges and air-conditioners and will have a strong position in refrigerators and freezers. Its main weakness will be in dishmain wea

Westinghouse and Gibson.
The programme to Integrate
White into the Electrolux group
is already started. Mr. Scharp
says. "A number of task forces have already drawn up programmes for action in pro-

duct development, production, distribution, and administra-tion. The positioning of the hrand names and marketing co-ordination can be improved and we will immediately transfer hought-in products to our own production facilities."
Electrolux has financed many

of its previous acquisitions through loans and is used to operating with high leverage, but the sheer size of the While Consotidated acquisition—and in Electrolux terms the heavy price tag—has forced it to approach the equity market this time for a new injection of funds.

Its international equity placement is the most ambitious ever attempted by a Scandinavian company, with an issue of 8m "B" free shares aimed at raising about SKr Zbn (\$300m).



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activities arranged by the Chamber For full details contact Gunnar Fineman at:

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Below: nursery for young trees and (above) planting trees in the forest. Restructuring of the various companies is intended to help them compete better in the world market



products group and one of the world's oldest corporations which celebrates its 700th anniversary in 1988, has been busy A reasonably satisfactory persince 1984 integrating the two different "corporate cultures" after it took over Billerud, one formance this year will be wel-come after the more difficult business conditions of 1985 whan pulp prices fell, timber was in the middle of a recesof its main domestic rivals.

"A quarter of a century ago there were 127 pulp mills with a combined production capacity was in the minute of a reces-tion and paper products fought a hard and sometimes losing hattle to maintain or increase of 5.6m tonnes. The number of plants has been reduced to 56, while capacity has soured to prices. Exports remained at about the 1984 level of SKr 47bn. over 10m tonnes.

over 10m tonnes.

The same rationalisation process has been going on in the paper industry. The number of mills declined from 76 to 56 during the past 25 years, but production capacity has tripled to 7.7m tonnes. The structural changes continued in 1985, though the pace of increase in paper production slowed down. Swedish capacity for paper and board increased by 2.5 per cent during the year, compared to the high 8 per cent increase in 1984 when demand was extremely high.

Paper and board account for tor has undergone a major structural reorganisation during the past 25 years with the closure of mills and phasing out of obsolete machines.

Paper and board account for more than 60 per cent of the liveries to tha US which still turnover of the pulp and paper industry, and 75 per cent of mainly for nawsprint and printproduction is exported. This ing papers. An increase in ex-

Total capacity.(m tonnes) .....

Source: Swedish Pulp and Paper Association

PAPER AND BOARD

Pulp and paper industry 1970-1985

SWEDEN'S PULP and paper manufacturers had expected a recession in 1886, but instead demand has been good in the principal markets in Europe thanks to the fall in oil prices, and interest rates, according to Mr. Bo. Wergens, director and interest rates, according to Mr. Bo. Wergens, director general of the Swedish pulp and paper association.

Fiskeby, a smaller forest product about to ducts company, for about to ducts company, for about to ducts company, for about to other markets such as small increments in coated printing paper, kraft liner and packaging board. Three new paper machines were commissioned: two for the production of newsprint and one for uncoated wood-free printing paper.

Stora, Europe's largest forest production of the world's oldest corporations which celebrates its 700th anniments in production were contacted wood-free printing paper.

Stora, Europe's largest forest product areas including bygiene tissue, paper finting and wrapping paper.

Stora, Europe's largest forest product areas including bygiene tissue, paper machines were commissioned: two for the production of newsprint and one for uncoated wood-free printing paper.

Stora, Europe's largest forest product grow by 5 per cent, or insist two other markets such as Australia, Japan and China.

Exports of newsprint, the principal grade in terms of newsprint and one for uncoated wood-free printing paper.

Stora, Europe's largest forest production were commissioned: two for the production of newsprint and one for uncoated wood-free printing paper.

Stora, Europe's largest forest production should be a printing paper of newsprint, the principal grade in terms of newsprint and one for uncoated wood-free printing paper.

Stora, Europe's largest forest production should be a printing paper.

Stora, Europe's largest forest production of newsprint and one for uncoated wood-free printing paper.

Stora, Europe's largest forest production of newsprint and one for uncoated wood-free printing paper.

The most significant improvements in 1985 was about S

production will continue, Mr Wergens says.

More than three quarters of the total deliveries of paper and board, some 5.3m tonnes, were exported last year, a 1.5 per cent increase over 1984. Over 70 per cent of these sales were to the EEC with Britain and West Germany remaining the important customers. accounting for 20 per cent an 19 per cent respectively. Total exports earned SKr 23hn last

72 10.5

7.2

90 146 174 16,500 13,400 10,000

28,100 33,400 31,000

Forest Products

Demand picks up in principal markets

ments in production were last year, while continued good recorded by the manufacturers demand for mechanical market recorded by the manufacturers of newsprint, wood-free printing paper and certain grades of manufacturers to produce at board. There was a slight decrease in the production of kraft paper.

The concern about world capacity in certain sectors and the pursuit of profitability means that no new paper machines are due to be put into service this year, but modernisation and rationalisation of production will continne, Mr

American competitors due to the 20 to 25 per cent decline of the US dollar in relation to

the krone.

Total exports of chemical rulp fell by 7 per cent. There was a drop of 5 per cent in sales to the main market in Western Europe, where Sweden still retains its position as the leading supplier.

The good news came from the nechanical market pulp sector where product development and strong marketing resulted in a breakthrough. Deliveries totalled 473,000 tonnes, an in-crease of 7 per cent.

More than half the shipments were to Western Europe. Earnings from all pulp sales totalled SKr 10bn in 1985.

The world-wide profitability problems due to over-production of chemical pulp is expected to result in lower output this year. This is clearly reflected in the published plans of Swadish producers, Mr Wergens reports,
The sawmill sector underwent

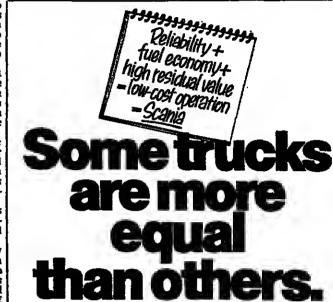
the same rationalisation process as pulp and paper. The numbe of mills dronped from 6.500 in 1960 to 2,500 today. But capacity was increased fourfold to 4,800m cubic metres. The giant Stora group is planning a far-reaching restructuring of its

been about 60m cubic metres. This shortfall is made up by imports, and is blamed on high taxation which discourages private owners — who own half of the country's forests — from cutting more. New tax concessions proposed by the Govern-ment are expected to have an lected was exported in 1985.

ning to close three of its seven consumption of the paper in-mills this year while increasing dustry last year was wasto paper. Demand for waste re-mained keen with total consumption reaching a record level of 756,000 tonnes, 3 per

cent up on 1984. Intensified collection of waste paper from private households an activity engaged in hy vir-tually all Swedish communities resulted in an increase of 25,000 tonnes. Newspaper collected from households represented almost 50 per cent of the newspapers recycled. Some 135,000 tonnes of the total collected from the service of the service

David Lennon





# Fermenta: fall of a spectacular empire

The problems of Fermenta, the biotechnology group, have rocked Swedish business, says Kevin Done.

THE SPECTACULAR fall from grace of Fermenta, the Swedish blotechnology and antiblotics oup, and Mr Refeat El-Sayed, its Egyptian-born founder and

Pehr Gyllenhammar, were will-ing to set their imprimatur on Fermenta and Mr El-Sayed, appeared to crown a four-year period in which Rermenta had shown one of the most remark-able growth rates in Europe.

which as recently as last country.

January was able to announce He caught the public imagination as for a SKr 4bn cooperation deal with Volvo, television mada him "man of which stunned financial markets by its audacity.

The fact that Volvo, flagsblp of the Swedish engineering industry, and its chairman Mr from nowhere and turn over who had been pursuing Ferments to comply than the "binding agreement in principla," rather the "binding agreement in principla, and the "binding agr

the entrenched business estab-lishment, creating in the pro-cess a new company that could the st

The timber, pulp and paper industry has always been a very important foreign currency earner for Sweden, accounting

for about 20 per cent of total

exports, second only to the engineering industry. Sweden is the world's third largest ex-porter of pulp and paper after Canada and the US.

One of the oldest industries

in the country, tha forest sec-

Currently the restructuring process is being marked by acquisitions and mergers as larger units are put togather so

in January Svenska Cellulosa (SCA), one of the leading forest products groups, completed its take over of Edet, a maker of tissue and hygiene products, in a deal worth SKr 1.85m. Two

months earlier it paid SKr 415m for majority control of Syano,

company in northern Sweden. At the same time it increased its holding in Obbola Linerboard to

At the end of last year Hol-

mens Bruk, Europe'a biggest

the world market.

75 per cent.

shown one of the most remarkable growth rates in Europe.

Mr El-Sayed took over Fermenta at the end of 1981 when it was a struggling producer of basic penicillin. From a turnover ln bis first year of basic penicillin. From a turnover ln bis first year of basic penicillin the structuring of the Swedish of Skr 95m be transformed the company's fortunes to the point. company's fortunes to the point would have taken over the where it produced sales last medium-sized Leo and Ferrossan year of SKr 1.639bn. In the pharmaceuticals companies and

majority shareholder, has seen few parallels in Swedish business.

Fermenia has come within a hair's hreadth of heing expelled from the Swedish stock market — a measure the authorities have resorted to only once before in recent bistory — and the threst of expulsion still hangs over it. "Fermenta has come as close to expulsion as a company can come," says Mr Bengt Ryden, head of the Stockholm Stock Exchange.

It has received the heaviest five the hourse anthorities can impose and has had to take scathing criticism for the way it has given investors selective information and created a misleading plcture of its activities. This is the same Fermenta, which as recently as last January was able to announce

where it produced sales last produced sales last produced sales last produced sales last produced (after financial ltems) soared from same period profits (after financial ltems) soared from same period profits (after financial ltems) soared from soared from same period profits (after financial ltems) soared from same pharmaceuticals comean.

For some time the evoting majoraty in financial ltems) soared from same pharmaceuticals concern. For some time the oceptical acquired the voting majoraty in financial ltems) soared from same pharmaceuticals unexpected quarter. Mr Bjorn
Gillberg, a rather eccentric
environmentalist campaigner,
who had been pursuing Fermenta for its failure to comply
than the "binding agreement"

lishment, creating in the process a new company that could the storm and maintained that challenge the international he could prove that the doctrate giants.

He issued a statement of apology in which be claimed that "meaningless stupidities" from his youth had caught up with him. His claims to a doctor-ate were "white lies from the years when I had to chase my daily bread as a consultant."

Fermeota's share price plunged in swift reaction to the dramatic disclosures and to make mattera worse Volvo now began to distance itself from the process of the process o began to distance itself from
the affair. Only five weeks before, Mr Gyllenhammar had
claimed that the deal with
Volvo would "legitimise" Fermenta in a new way and that
Volvo would "take respoosibility if anything goes wrong."

The deal had still not been

stock market as half the com- share issue for its US subpany's market capitalisation was sidiary.

notice and announced that it Stock Exchange authorities was to start an investigation. During the unprecedented nine-day trading balt Volvo and

pluoged to a new low of sround SKr 131 compared with a peak of SKr 325 before the crisis.

The results of the investigation by the Stock Exchange authorities released at the end of May came as a new blow. of May came as a new hlow-especially to Redsat El-Sayed

instead become deputy chairman. Mr Ove Sundberg, already a member of the Fermenta board and previously managing director KemaNobel, replaced him as chief executive.

The changes hardly belped.
Fermenta's share price fluctuated wildly and trading in its shares dominated the Swedish stock market as half the com-

wiped out in less than a week.

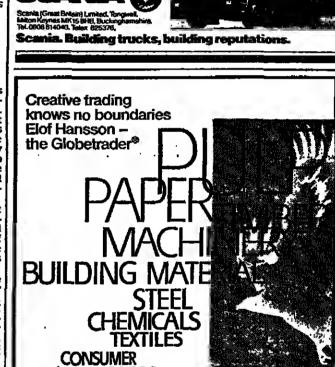
To restore a semblance of a number of planned acquisionderliness, the Stock Exchange authorities suspended Fermenta's shares until further the company's operations, the notice and announced that It Stock Exchange authorities

What remains after all the turmoil is the fact that Mr nine-day trading balt Volvo and Fermeota anounced that they were calling off their co-operation deal. "There's no doubt that the market bas changed its opinion of Fermenta," said Mr Gyllenhammar. "In a sense it's a differeot company."

When trading was resumed io Fermeota shares the price for the company's B-free shares pluoged to a new low of sround SKr 35m and profits (after financial items and before minority interests) of some SKr 700m. That compares with sales of SKr 95m and

> finally snapped. Fermenta must find a substantial new share-holder or again run the risk in a few months time of being expelled from the Stock Exchange, which would clearly hopes of further

Kevin Done



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# Banks thrive as stocks soar

SWEDISH banks have rearely had it so good. Profits, helped by falling interest rates and surging commission earnings from a booming stock market, soared in the first four months of this year and most institu-tions seem confident that the good news will continue.

At the same time tha banks are working in a rapidly changing environment with new competitive challenges and opportunities as the authorities force the pace of liberalisation and deregulation. In its quarterly review,

skandinaviska Ensktida Banken, the largest commercial bank, declares warmly that "it would be no exaggeration to say that 1986 will be a remarkable year for the Swedish credit market. Conditions bave changed described in 1886 will be a condition to the swedish credit market. Conditions bave drastically."

accustomed to describing their industry as the most heavily regulated sector of the Swedish economy, but a series of sweeping reforms have radically

Attered that picture.

Changes in monetary policy mean that the banks' abluty to compete with finance companies, for instance, has been trans-formed. At the same time the euthorities belated decision to euthorities' belated decision to allow foreign banks to operate in Sweden means that the number of commercial banks will double this year with the arrival of 12 new commercial banks. They are led by five from France, followed by three from Finland (one in a joint venture with a French bank), two each from Norway and US, and one from the Netherlands. In that two most significant In the two most significant steps taken during the past 12 months the banks have been freed of regulations affecting both the volume of lending and on the interest rates they can charge.

At the same time the panies to finance direct invest-Riksbank (the central bank), ments abroad through foreign bas moved decisively to the use currency loans over at least five

ment to regulations was foreign exchange controls, where a panoply of restrictions have been in force since 1945. A Government commission of Government commission of inquiry established in 1977 finally produced a voluminous report late last year, with a narrow majority in favour of what amounted to the status

financial markets, bowever, the Riksbank came out with a set of recommendations in April calling for gradual reforms of foreign exchange controls too,
The Social Democratic
Government has come in for
beavy criticism from its allies in the trade union movement for its plans to relax the con-trols, but the Finance Ministry clearly believes that it could hardly find a more favourable

To the surprise of

to consider the wholesale eboli-tion of foreign exchange regulations advocated by the non-socialist opposition parties, however. Under the step-by-step approach proposed by the Biksbank and the Government there is as yet no room for any lifting of the ban on inward and outward investments in bonds

outward investments in bonds and short-term securities.

The existing ban covers cross-border bank deposits and trad-ing of bonds and short-terms securities by Swedes in foreign countries and purchases of Swedish krona-denominated securities by foreigners.

The Birshap maintains that

during the 1980s.

According to Mr Bengt Dennis, Governor of the liberalisation placements in bonds, money market securities and bank deposits that "traditionally serve as channels for strong and destabilizing capital flows," which it sees as a threat to its remaining autonomy in during the 1980s.

According to Mr Bengt Dennis, Governor of the Riksbank, the liberalisation process has not been driven forward "by any specific "ism." It bas not been ideologically based. It has not been steered by the latest economic fashion.

"Its origins are to be found

clearly believes that it could hardly find a more favorable time than the present for starting a gradual deregulation.

The Finance Ministry said of the revised Budget presented to Parliament at the end of April: "In recent years the current account of the balance of payments has improved strongly and the Budget deficit has been substantielly reduced. The competitiveness of Swedish industry has been good for the last few years and the inflation rate is falling significantly.

"The conditions have been created for a considerable liberalisation of foreign exchange controls."

The Riksbank says that the first priority should be to abolish the present requirement that forces Swedish companies to finance direct investments abroad through foreign to the control on companies direct investments abroad would lead to an outflow of up to SKr 6bn a year. Stroog capital inflows during the past 12 months have given the Riksbank some room for manoeuvre, bowever, and in the first five months of 1988 alone Sweden enjoyed an inflow of capital totalling some SKr 15bn.

The Riksbank says that the first priority should be to abolish the present requirement abroad through foreign which it sees as a threat to its remaining autonomy in monetary policy-making.

It estimates that a complete lifting of the comrol on companies direct investments abroad would lead to an outflow of up to SKr 6bn a year. Stroog capital inflows during the past 12 months have given the Riksbank some room for manoeuvre, bowever, and in the first five months of 1988 alone Sweden enjoyed an inflow of capital totalling some SKr 15bn.

The liksbank says that the first priority should be to abolish the present requirement at the end of the reduced. The companies of the comrol o

To elements within the trade union movement, bow-

of open market operations for the conduct of monetary policy, having encouraged the rapid growth of a well-functioning money market during the first half of the 1980s.

The one area where the authorities were expected to retain their traditional attachment to regulations was foreign exchange countrols, where a part of the part of participants is much smaller to consider the wholesale ebolimoves to relate exchange controls. moves to relax foreign

"The problem of Swedish companies not investing enough at bome is not to be solved by making it easier for them to invest abroad. This isn't just unreasonable, it is unacceptable."

Whatever the opposition to an easing of foreign exchange controls, it remains true that Socialist governments bave orchestrated a revolution in the Swedish financial markets during the 1980s.

mainly in the changes stances of the Swedisb economy with the emergencies of large financial imbalances in the shape of persistent current account and budget deficits. It growing stocks of debt and seliquidity in the cenomy, and ce, changed institutional relationships in the financial markets.

The conditional relationships in the financial markets.

we faced."
Starting in 1980 with bank certificates of deposit and then gathering pace since 1982 with the introduction of market rate Treasury bills, the money market has developed to the point where it has an annual thrinover of more than

than on the money market But eccording to Mr Dennis "The Swedish bond market has a hig development potential.
With lower interest rates it will
blossom and compete well with the money market."

The battery of liberalisation measures coupled with the economic recovery of the past three years has radically improved the fortunes and earnings position of the Swedish banks, which have managed to break the 1960s trend of shrinking profitability and weakening balance sheets.

Most of the banks except Most of the banks except Götabanken had lower levels of profitability last year than in the previous record year of 1983, mainly because of the higher interest rates established by the Riksbank after the May 1985 currency crisis.

Interest rates have eased con

"There was no master plan.
Policy changes were led by necessity and by the problems we faced."

Treasury bills, which soared more than 16 per cent in B 1985, bad fallen to less than per cent by May this year.

The gap between Swedish international interest rates international interest rates. international interest rates has also been narrowing, with a current difference of only some three percentage points against Eurodollar rates, compared with a gap of eight percentage points a year ago.

Kevin Done



# Scrutiny of practices

TURBULENCE is the keynote of current activities in and around the Stockholm stock exchange which has grown in the past five years from "a duck-pondish backyard," as Mr Bengt Tyden, president of the exchange, described it recently, to become the minth largest market to the

This examination of opera-This examination of opera-tions is focusing attention on the question of stricter self-regulation versus additional government legislation. The exchange opposes further state interference, proposing instead but new restrictions be written into a new stock exchange regis-tration or listing contract.

tration or listing contract.

However, while be says no government decision bas yet been made, Mr Bengt-Ake Vilsson, head of the Finance Winistry's banking division which is also responsible for the stock market, says "recent events do indicate a need for more stringent legislation in some areas to ensure the principle of equal treatment for all shareholders."

Foremost among the committees is that set up by the premier at the end of December to examine to what extent companies are using share placements. In particular it is studying the directed share issue in the pharmaceutical company Leo made by its person tempony. Leo made by its parent company Sonessons, an engineering and pharmaceutical company which bought Leo in 1983.

The controversial Leo-directed issue was tightly restricted and not made available on the same terms to all Sonesson's share bolders. Sonesson board memonlers. Somesson coard members were offered Leo shares at SKr 50.60 before a stock market introduction at SKr 75 a share. Following a public outcry last November, Mr Hang Eric Ovin, the Sonesson chairman, re-

signed.

The "Leo commission," as it is known, will report its findings and recommendations at the beginning of July. While it may well follow the Swedish tradition of compromise and consensus, it might similarly urge the Government to extend exist. the Government to extend exist-ing legislation to prohibit "directed" issues:

"directed" issues:

Another Government committee is due to report soon on the question of ordinary shares (common stock) with differential voting rights. At present it is possible in principle to issue chares of differential voting ratio. Yet a third government committee is studying the question

categories with a voting ratio

of wbo owns Swedish companies. One of the tasks of the committee is to examine and analyse cross-boldings in which

the original 1 per cent turnover

During recent years foreign investore increased their net investment in Sweden and now investment in Sweden and now bold about 10 per cent of the total market value of the 170 companies listed on the exchange. Even more telling, foreign investors accounted for more than 50 per cent of the new equity raised over the past five years.

Net foreign investment in the first quarter of 1936 was SKr 2.5bn, compared with SKr 4.8bn for all of last year.

ment without the sbareholders being given an opportunity to bave any say in the matter.

It is just these issues which the government-appointed committees are now addressing. The outcome of these deliberations could bave a profound effect on the performance of the Stockholm market for years to come.

David Lennon

Vindervag believes that foreign companies hold large shares in each other. The practice has been described by one local commentator as "the machinations of power blocks."

Whitevag believes that foreign investment should continue because "basically all the elements are there for the share prices to rise."

However, there are problems

cribed it recently, to become the minth largest market in the world.

The boom of the 1990s—when the exchange was the world's fastest-grouting, trading volume quadrupled and brokerage bouse's reaped record profits—bas brought the exchange not just a new standing in the world, but more recently a piercing scrutiny of its practices.

There has been much beated debate in recent months over the ethics of the market and the adequacy of emisting self-regulatory mechanisms. The Government has set np a number of committees to examine such disputed practices as "directed" share placement. the issuance of shares with differential voting rights, and cross holdings among Swedish companies.

This examination of operations is focusing attention or the power blocks."

Despite all the turbulence, the Stockholm stock market and the the previous five months, following a 20 per cent since the previous five quarters from the past reached in early 1984. The index in creased 29 per cent since the beginning of 1986. Total trading volume in 1985 was SKr 83bn.

The announcement by the Government their it intends to double the turnover tax on share trading from 1 to 2 per cent since the beginning of 1986. Total trading volume in 1985 was SKr 83bn.

The announcement by the control of the introduction in the past nine months, following a 20 per cent since the previous five in the

Inter

6.5 Exchai

Steps should also be taken, Mr Laing said, to counter the negative image created by the evidence of insider trading and to calm the disquiet caused by acquisitions have been also been applied. acquisitions by power blocks which led to cootrol on companies moving to new manage-ment without the sbareholders being given an opportunity to bave any say in the matter.

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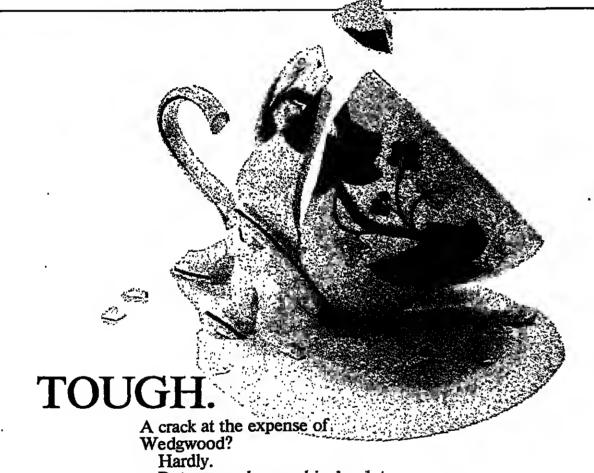
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# SECTION II - COMPANIES AND MARKETS

# **FINANCIAL TIMES**

Monday June 9 1986



# Investors show continuing interest in floaters

last week, as these are still relative-

er hand, were shunned by issuing traded up to 99.92 bid, against a par houses in the face of the huge in-issue price. Deals for S. G. Warburg

floating-rate note instruments was reflected strong support from lead-confirmed by their favourable reception of an unprecedented rash of for Jyske, a Danish bank which is floating-rate certificates of deposit. Ittle known in the Euromarkets, (FRCDs) launched for Japanese fared less successfully: banks, the latest on Friday being a Equity-related bonds dominated 51:50m deal for Dai-Ichi Kangyo led new issue activity in most sectors.

\$200m, whereas previously a lack of min liquidity has hindered FRCDs. FRN prices paused after their rally of recent weeks, although they pendent on the foreign exchange

Investors continuing interest in though dealers thought that this

fixed-rate bonds shed up to 2% points. Syndicate managers contin- Fuji Heavy Industries has fallen to

NEW ISSUE managers focused rowers, but managed to launch. 10 points. A new \$40m five-year their attention on equity-related with varying degrees of success, deal for Hitschi has traded at 96 bid and floating-rate note (FRN) issues five new deals in dollars. Household Finance's \$100m

ly popular with investors, writes
10-year bond, which pays interest at
Clare Pearson in London.
10-year bond, which pays interest at
0.15 per cent over three-month London. New fixed-rate bonds, on the oth-don interbank offered rate (Libor). ventury of unplaced paper they still and National Bank of Canada also traded comfortably within fees, al-

by Morgan Stanley.

Oversupplied investors, however, investors were impressed by seem to be increasingly selective their large issue amounts, up to and prices no longer shoot to pre-

Dollar bonds for Japanese companies, whose profits are heavily deperformance of the yea, are out of favour. Thus a recent offering for

Hitachi's prestigious n

New equity-related deals in con-tinental European currencies have fared better. C. Itch: the Japanese trading company, borrowed Ecu 100m through only the second and by far the larger Ecu equity war-rants bond. This traded near its issue price, as did a DM 50m (\$22.3m) equity linked deal for Suminoe Textile, in contrast to comparable dol-

The appearance of only one traight fixed rate Eurodollar issue; and the postponement of two others in continental European currencies, signalled that new issue managers were seeking a breathing space during which to lay off inventory. Toyota Motor Credit was the sole fixed rate borrower in dollars, with a \$180m, 8 per cent, three-year bond. As with Ford Motor Credit's Swiss franc bond, this financing took advantage of investors' in-creasing interest in short maturi-

But the bond was priced to give a yield of only about 36 basis points over US Treasury bonds. It found buyers only when the margin had increased to about 85 basis points, and this was a loss-making level for underwriters.

Fixed-rate dollar bond prices ticked up slightly on Friday as New York hands mee on the announce ment of a rise in the May unem-ployment rate to 7.3 per cent. The narket was still nervous, however, in view of the large quantities of paper on dealers' books. In the D-Mark sector, Bayerische

Vereinsbank postponed a DM 150m, 6% per cent, seven-year bond for Public Power Corporation of Greece because of poor market conditions.
Only Eurofima ventured into the D-Mark fixed-rate market, with a DM France, was postponed. That sur-100m financing. This was despite prised French bankers to the extent 100m financing. This was despite the fact that DM 16.9bn worth of new issues have been planned for rate bond, its larmch would not af-

The D-Mark market drifted downwards as conflicting signals rate bond in the market, for Caisse emerged from the US on the likeli-

near future. Dealers noted that ner- er bonds drifted lower. vousness about the fate of the Christian Democratic party in state cial de France explained its removelections in Lower Saxony on June al as being intended to show a spirit 15 was also beginning to weigh on of responsibility in the face of diffi-the market. In this environment, recent deals for Luithansa and the Republic of Portugal were quoted at fragile sector. bid prices of 95% and 95% respec-tively, against issue prices of per

and 100%. The French franc sector is also oppressed by domestic political un-certainties and recent poor external trade figures. This led the new is-sues calendar for June being cur-tailed to FFr L6hm (\$224m), FFr lbm down on May's total.

A mere three issues are scheduled, but on Thursday the first of these, a FFr 600m bond for Air that, since it was to be a floatingfect the fixed-rate market. Indeed, the price of the only other floating-

Lead-manager Credit Commer tain morale in this still young and

Swiss franc bonds traded thinly, although the market cheered up slightly towards the end of the week on a growing feeling that short-term interest rates may have stabilised. While the sector has been quiet for some time, there is expected to be an increase in newissue activity once bankers have sorted out the implications of recent Swiss National Bank guide lines on changes in issuing tech-

The Euroyen market is also likely to become active in the near future From this week, foreign banks will be able to make issues. It is estimated that this could add anothe Y900bn (\$5.3bn) to paper outstand-ing in the market, which is trading

## Phillips Petroleum to reduce debt load

able than most to the collapse in oil the US financial markets means prices, plans to withdraw a substan-tial part of the excess funds in its generally overfunded in relation to pension plan and use them to re-their obligations. duce some of the heavy borrowings it incurred last year as part of its successful defence against a hostile takeover bid.

plans to recommend to the board of directors at today's board meeting that the company's retirement plan be restructured to allow a reversion of a substantial part of the excess funds in the plan to the company. an unwelcome takeover bid early The reversion would occur during last year, Phillips undertook a mathe latter half of 1986.

excess funds in its pension plan to term debt by \$3.7bn to \$6.5bn and reduce its heavy debt load comes reducing shareholders funds by only days after Eccon, the world's \$5bn. While retaining the compabiggest oil company, announced ny's independence, the move trans-that it was seeking US Government formed Phillips Petroleum from one permission to withdraw over Sibn of the more conservatively finance

PHILLIPS PETROLEUM, the US US companies had taken similar acoil company which is more vulner- tion in recent years. The surge in

> Phillips has been harder hit than most US oil companies by the col-lapse in oil prices. The restructuring of its pension plan will comple ment its continuing debt reduction programme as well as the company's reduction of capital expendi ture and operating expenses.

In a bid to defend itself against jor financial restructuring which Phillips' move to use some of the had the effect of increasing its longfrom its \$5.6bn US pension fund. companies in the oil industry to one Exxon said at the time that over 800 of the most aggressively financed.

# UK commercial paper market faces qualms over legal aspects

SETTING UP a new financial mar- Now it appears that the argument ket, for example in sterling com- may not be quite so clear-cut after mercial paper, is easy in theory but, all. A number of companies and as events have already shown, a banks are looking at the possibility little bit harder in practice, writes of issuing commercial paper directly in the UK before then. In part of the unexpected obstacles in the that reflects frustration that the finway of the development of sterling er points of the law contradict the commercial paper so far has been spirit of a decision by the authorithe deep uncertainty in financial ties to permit a commercial paper markets over a number of key legal market in the first place. In a more

Thus several corporate treasur- the difficulty of interpreting the law ers have felt the need to hold back, itself. from using the new market because Act lifting the requirement on UK already perfectly legal, provided the issuers of securities to publish a offer of paper is made orally rather prospectus will not be complete until in writing. Theoretically it is til the Financial Services Bill is en- possible to structure a comm surers are also reluctant to take the Of course only top rated compa-alternative route of issuing paper nies could expect to sell their paper-through an offshore subsidiary. Smouth oral offsets alone, and it is

important part, however, it rests on

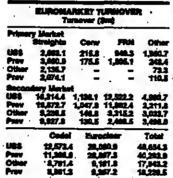
Some arguments hold that a dients to the Companies rect issue without a prospectus is acted, at the earliest this autumn. paper issue in that way it careful at Only after that, it seemed, would it tention is given in phrasing the inbe possible to gauge the true potenformation memorandum so as to tial of the market, since many trea- distinguish it from an offer for sale.

precisely that type of company which tends to be most cautious about the risk to its corporate image should legal action ensue. That may limit the potential field, but

Such a test seems to make all the

view argues that issues of commercial paper that have already taken place through an offshore vehicle may contravene the law in its strictest interpretation. Such sales are permissible if they are made to professionals, the argument runs. But who are the professionals? By one standard, they are people whose business it is to buy and sell securities - and that might at present exclude investors who actually buy the paper to bold until maturi-

It would take a test of those argi-



the market is concerned, the important point is that the legal aspects turned out to be much more complex than originally met the eye. For those who want to promote

Week to June 5 1906

also means that the legal profession is likely to be one of the main beneficiaries of the meagre returns that most dealers are now expecting.

In the Eurocredit market attention meanwhile focuses on the France announced 10 days ago. It is still too early to gauge how this deal is faring in syndication, although by common consent its success will be judged on whether an increase in the amount is achieved.

Czechoslovakia has surprised its bankers by launching a renegotiation of two outstanding loans while its new \$100m National Westmin ster-led credit is still in the market. The margin on the loans, the balance of which is currently just over \$350m, is being cut to 35 basis points from previous levels of % and per cent respectively.

That means that the Lloyds Mercommercial paper, that is a pity. It cant Bank-led renegotiation offers is one factor holding back the still fuicier terms than the new credit

with its split 14-14 margins. Bankers believe the new loan is actually closer to current market levels for

Elsewhere, Mitsubishi Bank and Nippon Credit are leading a Y30bn estic credit for Hungary, while Thomson-CSF, the French electrical concern, is due soon to launch a

\$400m credit A formal mandate for the new \$500m, eight-year credit for Korea Development Bank was still awaited in the Far East on Friday. That deal might be one of the last jumbo issues for Korea now that the oilprice fall has lifted pressure on its

halance of payments.

The indicated terms still include a \$100m tranche bearing interest at the expensive US prime rate so long as it is less than 90 basis points over the certificate of deposit rate. The aining \$400m is expected to carry interest at a margin of % per cent over Libor for five years, rising to %

### West Germany levies new rule on bank risk

titors.

BY JONATHAN CARR IN FRANKFURT

WEST GERMAN banking supervitake account of the "off balance

The rule takes effect from this month and is tougher than many banks were hoping for. It is aimed at ensuring that banks which underwrite these facilities have adequate capital backing.

The Federal Credit Supervisory Office in Berlin has decided that half of the banks' obligations under these facilities be counted as loans for the purpose of calculating capital-to-lending ratios. So far this business has been treated as off balance sheet and hence needed no capital backing.

WEST GERMAN banking supervisors have agreed on a new rule to representatives of the main German banking groups had argued sheet risks run by banks operating strongly that only 25 per cent in the growing Euronote facilities should be counted. They also market. dened by new rules harsher than those faced by main foreign compe

> The step on which the Supervisory Office has now agreed is similar to that announced last year by the Bank of England, but tougher than

that proposed by Japan. Both the Bundesbank, the central bank, and the Supervisory Office have repeatedly warned of the po-tential risks involved in the Euronotes market and late last year the banks were asked to provide a de-tailed breakdown of their activities

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# Employment data end Wall St nosedive

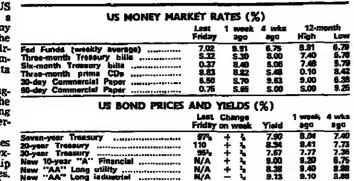
SAVED by the bell, the US credit markets pulled out of a continued nosedive on Friday after Mr Paui Volcker, the Federal Reserve board chairman, said the Fed was firm-ing. The employment data ahowed the reason why.

ahowed the reason way.

As a result short- and long-term interest rates eoded the weck little changed—hiding the market's underlying nervousness and uncertainty.

"The market now recognizes that it had gone to bearish ex-Iremes," says Mr Philip Braverman of Irving Securities. The 0.2 per cent rise in the underlying unemployment data. and slow growth in consumer instelment credit, confirm con-US economic weak

Maybe. But in the interim the US credit market ran the full gamot of perceptions



Money Supply: In the week ended May 26 M1 rose by \$1.7bn to \$660.5bn.

about the economy, inflation and interest rates. Interest rates moved steadily higher at the start of the week amid a growing perception that the Fed way unlikely to eese its policies in the near future.

These fears appeared to confirmed by statements emerging from the Boston meeting of central bankers. With the doller declining sharply, Mr

Jamas Baker, the Treasury secretary, gave the market a temporery boost on Tueaday by indicating that rates could still move lower.

By Thursday—in the wake of a precipitous bond sell-off—Mr Volker had changed et least half his mind. Inflation, be told a congressional committee, was

fears of Fed tightening."

Perbaps the biggest lesson from last week was that the Fed is indeed walking a very fine line. As Dr Kaufman ooted, further accommodation—with contrary to the Fed's open market operations, the Fed satisfied a substantial increase in reserve demand.

"In retrospect it now seems that the authorities have been merely pursuing a continuation of prior accommodation, with a leavening of caution needed in the light of high M1 growth rates and a likely end to energy defiation," says Dr Kaufman.

But Mr Volcker's initial Boston comments and the Fed'a open market actions certainly succeeded in discouraging any market expectations of an imminent Fed easing.

By Friday the picture bed changed. Mr Volcker's Congressional clarification that there

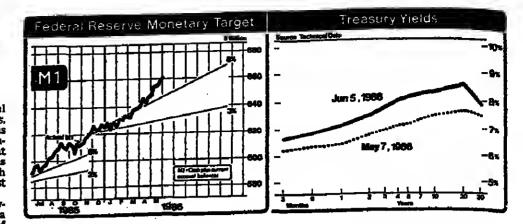
was no lronclad linkage between foreign and domestic interest rate moves beined. More important, the May employment data suggested monetary policy.

"Amid some market confusion about the significance of Federal Reserve Board pronouncements last week, at least one point was made clear," says Dr Henry Kaufman of Salomon

More Important, the May employment data suggested much weaker economic activity in May than had been expected —— picture which many Wall Street economists believe will be confirmed by this week's

Brothers. "on Thursday chair industrial production, personal man Volcker put to rest any income and retail sales figures. further accommodation—with or without Japan and West Germany—fairly soon.

In any event the May employment data, which showed a civilian unemployment rate of 7.3 per cent, up from 7.1 per cent in April, and a slower than expected gain in non-farm pay-



rally on Friday.

The treasury long bond price jumped over 2 points on Friday, more than wiping out its earlier losses.

At the close on Friday most government bond prices were up between 1 and 1 of a point after a week of extreme volatility.

As steepened dramatically markets the dollar continued to tumble from its recent bighs—halting a three-week rally. Corporate bond prices were rose sharply et the start of the week but fell back later. The market perceptions, After falling sharply in early trading last between 61 and 7 per cent while week, they managed to close to 71 per ceot, settled back to rates were unchanged to 10 with gains of between 1 and 1 of 1 points larger than 1 of 1 per cent bighs—halting a three-week rally. Corporate bond prices were market perceptions, After falling sharply in early trading last week, they managed to close to 71 per ceot, settled back to rates were unchanged to 10 with gains of between 1 and 1 of 1 per cent bighs—halting a three-week rally.

cent in April, and a slower than expected gain in non-farm payrolls, spurred a bond market rally on Friday.

The three- to seven-year portion of the Treasury yield curve has steepened dramatically sioce interest rates began their upward trek in mid-April.

Jumped over 2 points on Friday.

basis poiots lower oo medium-term ootes and nucbanged to slightly higher on long-term

The volatile markets ere, how-ever, taking their toll on new issue volume, which shrank to a relatively modest 2.85m last week, according to Salomen

up between and for after a week of extrem tility.	ne vola- rates we	er short-term interest to 74 re unchanged to 10 with er—thanks to Friday's point	gains of between	back to Brothers.	Paul Taylor
	FT/AIBD	INTERNATIONA	L BOND	SERVICE	-
US DILLAR STRAIGHTS LESUE	Chg. on Price week Yield	Quenaland Gvt 11% 89 100 1	12 <sup>7</sup> , -0 <sup>4</sup> , e.75 07 <sup>7</sup> , -0 <sup>4</sup> , 8.66	Neiwe Secs 5 <sup>1</sup> 2 98 60 Eldem 11 <sup>2</sup> 5 94 160 Elektrowatt 5 99 51	12912 -2 5.76
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Atlan Oev 8k 11½ 93 100 Augustralia 11½ 90	1047, 0 9.50 1054, -04, 9.89 1147, -04, 8.97 1114, -14, 7.57	Saskatchewan 10% 92 100 1 Saskatchewan 10% 90 125 1 Saskatchewan 11% 89 100 1	06% -1% 8.70 06% -1% 8.56 09% -1 6.53	LASMO 94 99 40	387% +41% 0.19 87% +0% 120.67
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DC 114 89 150	104% -04 7.77 106% -0% 8.24 110 -1% 8.46	Barclays O/S 1 Parp 600 10	62 0 8 <sup>1</sup> 4 90 <sup>1</sup> 4 0 8 <sup>3</sup> 4 90 <sup>1</sup> 5 -0 <sup>3</sup> 6 7 <sup>3</sup> 5 90 <sup>2</sup> 7 0 6 <sup>33</sup> 5	Bank of Takyo 10% 92 79 Bgo l'indoauez 14 91 78 Br Col Munic 12% 91 100 Br Col Munic 13% 91 100	1723 0 10,73 1084 -04 10,21
oc 134 87	1064 - 04 7.50 1074 - 14 8.57 1054 - 04 7.88 1184 - 14 8.97	8CI 1 96	98 <sup>1</sup> , 0 7 <sup>1</sup> , 00 <sup>1</sup> , 0 7 <sup>2</sup> ,	8r Col Tele 124 89 70 Farm Cred Corp 124 60 79 Kredistbank 12 92 76	112 -04 10.33 1074 -04 9.88 108 -04 10.04
Findsh Export 12% 87 75 Frotted Mich 1 13% 88 125 Florida Fed 12% 88 100	1054 -04 7.65 1054 -04 8.82 1054 -04 70.06	CCCE 1 05 200 10 CEPME 1 95 £ 100 10	00 <sup>1</sup> 0 7 <sup>1</sup> 2 0	Long Term Cred 11% 90 76 Montreal City 12% 61 50 New Bruaswick 12 95 75 Nova Scotla 11% 95 100	106°2 - 0°4 10.00 109°4 - 0°4 10.22 108°4 - 0°4 10.12
-NMA 11.5 81	1094 -2 8.14 424 -07 8.88 1034 -04 8.83 1034 -04 6.86	Citicorp O/S 1/2 99 300 5 Citicorp O/S 1/2 91 E 100 5 Citicorp O/S 1/2 96 250 5	88% 0 7% 89%0% 10%	Quebas Hydro 14 81 75 ECU STRAIGHTS Issue	107% -0% 11.83 Chg. on of Price week Yield
3en Elec Cred 11 91 200 3en Elec Cred 11 87 200 Jen Elec Cred 12 94 200	105 - 04 8.47 104 - 04 10.81 108 - 04 16.24	Commerzbank & 89 150 %	00 +04 74 004 -04 75 004 0 8 004 +04 7	A8N 9½ 92	10512 +01 5.27 1121 -14 8.02
Gen Foods Cop 11 90 75 Jeneral Mills 8 12 81 100 GMAC 10 88	1074 -04 9.72 1094 -34 9.73 103 -04 8.03	Credit Fondist 1 00 £ 100 10	0072 0 70%	Cred National 10% 94 50 Cred National 11% 81 60 Osemerk 10% 81 75	1154 -34 7.53 1074 +04 6.25 1064 -04 5.17
Jen Mators Acc 104 80 200 Jen Motors Acc 113 90 100 GMAC 0/8 Fiz 154 97 100 OTE Finence 12 95 76	1034 - 04 8.25 1064 - 04 8.55 1024 0 11.22 103 - 04 11.47	Bai-ichi Kondyo - 96 750 10	00% O Bhs 00% O Bhs 00% O 11% 00% O 672	Ebco Intol 10% 89 56 FEC 11 93 50 EEC 11% 81 50 EEC 11% 93 70	10212 -17 10.55 10914 +04 8.91
GZB 14 81 100 Hall Air Fin 124 91 700	102% +0% 8.76 118% -1% 8.28 105% -0% 70.71	Denmark 3 04 590 10	0714 -014 10 001 0 874 0014 0 8	Euro Coal & Steel 6 94 95 Euro lavest &k 94 95 200 Euro invaat &k 104 94 130	123 +012 8.63 1081012 7.85 11214 -114 7.92
Housekold Fin 11% 82 100 IBM 8% 88	1094 - 05 8.40 1024 - 65 8.30 1044 - 05 9.77 1044 - 05 0.30	Elec de Finnca 3 89 400 10 ENEL 3 93 E 100 10 Exterior Int 4 98 125 10	02 <sup>1</sup> 2 +0 <sup>1</sup> 1 8 <sup>1</sup> 12 00 <sup>1</sup> 4 +0 <sup>1</sup> 7 11 <sup>1</sup> 12 00 <sup>1</sup> 9 0 8 <sup>2</sup> 14	Euro Invest 8k 10 <sup>4</sup> , 88 00 Euro Invest 8k 10 <sup>5</sup> , 94 100, Euro Invest 8k 11 <sup>1</sup> , 92 79 Euro Invest 8k 11 <sup>1</sup> , 93 60	1054 -24 8.19 1124 -7% 8.40 111 -14 8.71 1084 -14 9.50
IC Industrias 84 87 35 IC Industries 12 90 75 neo e 92 100	104% -0% 0.30 85% -0% 9.14 107% -0% 8.48 95% +0% 8.14 107% -1 8.92	Ferro del Stat % 88 100 10 Farro del Stat 97 420 10 Finnoso % 95 100 10	004 0 674 00 0 74 004 0 84 854 +04 74 854 +05 74	Euro Invest &k 11% 96 80 Osn Finance 11 90 70 Giro Vignna 10% 93 00	1164 +04 8.79 1064 +04 9.50 113 -14 9.10
Ind 8k Japan 104 82 100 Ind 8k Japan 114 95 100 Ind 8k Japan 114 89 125	110 <sup>1</sup> 2 -1 <sup>1</sup> 4 8.06 108 <sup>1</sup> 2 -0 <sup>1</sup> 4 7.89	First Chicago 3 97 200 5	19 <sup>2</sup> 1 +0 <sup>4</sup> 1 7 <sup>3</sup> 1 19 <sup>3</sup> 1 0 7 <sup>3</sup> 1 19 <sup>3</sup> 1 0 7 <sup>3</sup> 1	GTE Floance 10% 92 50 Ireland 10% 95 50 Italian Govt 10% 92 600 Italian Treas 11% 90 60	1134 -24 7.82
Ind 8k Jacon 11% 91 100 lat-Amer Cev 12% 91 190 int-Amer Cev 11% 94 200 int Paper 12 91 75	1124 - 04 8.79 1164 - 04 8.90 1174 - 14 8.90 1054 0 10.36	Grindleys 1 94 100 10 laterfirst Tex 1 89 100 8 lroland 2 88 50 10	10° <sub>3</sub> -0° <sub>4</sub> 8° <sub>4</sub>	Italy 9½ 89	1034 -14 7.81 109 -24 7.37 1114 0 9.03
Int Stead Elec 0 97 75	39-1 -04, 10.68 106-, 0 10.91 1064, 0 5.11	Ireland % 94	00 0 81 <sub>2</sub> 00° <sub>4</sub> +0° <sub>4</sub> 10° <sub>5</sub> 00° <sub>4</sub> 0 8° <sub>5</sub> 00° <sub>4</sub> 0 12° <sub>2</sub> 00° <sub>4</sub> -0° <sub>1</sub> 8° <sub>4</sub>	Nigpon Cred Bk 11 21 00 Post lick Kred 104 92 50 Roys! 8k Can 104 83 95 SNCI 107 94	104% -0% 8.65
TT Credit Corp 10½ 90 75 Japan Arrilaes 13½ 94 70 Japan-Dev &k 10% 92 60 Kallego Ca 10% 90 100	104 -04 9.25 1194 -04 8.03 1064 -04 8.33 105 -04 8.12	Iroland 3, 93	00 0 7% 00 0 6% 00's 0 7%	Swediah Export 11 89 57 West LB 10% 91 50 Warld Bank 10% 58 100	104% 0 9.00 104% 0% 9.50 106% 0% 8.03
Kimberlay-Clark 12 94 100 Kyowa Fin HK 127 90 100	1034 -1 0,94 1184 -24 8.18 1134 -04 8.61	Koroa Oev Sk % 00 100 E	00% 0 72% 50% 0 5% 10 -0% 8% 10% 0 6%	AUSTRALIAN DOLLAR STRAIGHTS Net Aust 8k 12 <sup>2</sup> , 89 40 PISA 12 <sup>3</sup> , 89	Chy. on 1d Price week Yield 96's +0's 13.25 97 -0's 13.66
Long Term Cred 104 80 100 Long Term Cred 11 50 100 Long Term Cred 114 89 100 Long Term Credit 12 93 100	1064 -1 9.67 1074 -07 9.68 1074 -04 8.64 1164 -14 9.83	Maleysia & 93 500 S Metaysia & 94 600 S	1894 0 674 1874 +074 874 1894 +074 774 100 0 7754	PISA 121 89	993, -01, 12.46 701 -1 12.52
Macy R H 11% 61 100 Macy R H 11% 95 100 Marubani 11% 91 100	105% +0% 10.29 105% -0% 10.65 107% 0 0.93	Marine Midland 3, 99 125 10	10 TO 75	STRAIGHTS 18408 8AT latel 10% 91 100 Denmark 10% 83 75	104% -0% 9.72 103% -0% 9.36
McDonalda Fin 11% 94 75 Marrill Lyuch 12% 89 100 Michalin 10 94 125 Missublaki Co 10% 92 100	107'1 -0'5 10.13 100 -0'5 10.47 100'2 -0'5 9.89	Middlend Intl 1, 99 200 10 Missul Fin 1, 96, 100 10 Moreau Grenfell 1, 94 70 10	001 0 71 000 000 000 000 000 000 000 000	EEC 11½ 94	108'2 0 9.38 107' -0' 8.90 104' +0' 8.65
Mitaublahi Co 124 81 100 Mitaublahi Co 124 81 100 Mitaublahi Est 164 92 50	108 <sup>1</sup> ; -1 <sup>1</sup> ; 9.48 114 <sup>1</sup> ; -1 <sup>1</sup> ; 8.71 103 <sup>1</sup> ; -1 <sup>1</sup> ; 0.52	Nat Saak Coasda % 97 50 10	10 <sup>2</sup> 4 O 70 <sup>2</sup> 4 DO 0 3 <sup>2</sup> 55 DO 0 3 <sup>2</sup> 55 DO 0 5 <sup>2</sup> 5 DO 0	Omed Met Fin 1072 90 50 lat-Amer Day 112 91 60 lat Stand Elec 112 89 50 lay is ladust 112 81 50	104 e 5.28
Mitaul Fia Asia 12, 92 100 Mitaul Fia Asia 12, 92 100 Mitaul Tat Fin 12 93 100 Mobil Corp 10, 90, 200	105% -0% 0.09 111% -0% 3.35 112% -1% 8.58	New Zealand 2001 350 10	0 8 <sup>1</sup> 0 8 <sup>1</sup> 1	New Zealand 10% 89 100 8NCF 11% 94 60	109° - 0° 5.37 103 - 0° 5.37 109° - 0° 5.42
Montreel City 121, 91, 70 Men Guamnty 121, 89 150 Morgan J P 111, 82 100	1127, 0 9.06	Oster Land Sank 1 99 100 10 Portugel 1 92 100 10	10 <sup>7</sup> 4 0 5 <sup>25</sup> 34 1	World Sank 10% 89 100 World Sank 10% 89 50 World Sank 11 94 50 EQUITY Expiry	1041, -01, 9.04 1091, -02 6.35
Ned Gasunis 11% 90 75 Ned Gasunis 11% 90 75 Ned Gasunis 11% 81 76	109's -0's 0.44 106's -0's 9.42 106's -0's 9.88 110's -0's 9.24 106's -0's 9.41	Security Pac 3, 97 250	00% 0 82	WARRANTS date Cearo Computer 6/3/89 Ciba-Gelay Int E 1/11/93	Chg. on Price week Prem. 01 +34 -30.01 4221 0 7.59
N Eng Lf Mtg 113, 85 143 Newfoundlend 13 91 76 Noson Cred Bk 137, 89 . 100	710 <sup>1</sup> 2 - 1 <sup>1</sup> 3 8.87 114 <sup>1</sup> 3 - 0 <sup>1</sup> 3 9.25 113 <sup>1</sup> 4 - 0 <sup>1</sup> 4 9.81	8NCF 1 93 E	1974 0 7734 1074 + 1074 1074 1074 0 7734	Doutsche 8k Cla Fn 18/6/91 Fujikum	917, —47, —40.63 0
Niopon Cred 8k 9k 93 50 Niopon Tel Tel 11% 50 100 Niopon Tel Tel 12% 91 100	97% -0% 9.81 108% -0% 9.37	Apain % 99 500 10	20 <sup>1</sup> 4 0 7 <sup>3</sup> 4 0 10 <sup>3</sup> 4 0 8 <sup>5</sup> 4 0 8 <sup>5</sup> 4	1C Inda	387, +G1 = 207 82 0 - 20.76

#### **UK GILTS**

## Bank sends confusing interest rate signals

THE BANK OF ENGLAND fiashed a light et the money market on Friday but the market cannot decide whether it was red or amber. Some particle paota are even reading it as green.

Throughout the week, three-month interbank rates had beep pushing downwards to 9+ per cent. As the pressure mounted, the markets had found themselves increasingly short of cash towards the end of the day.

On Friday the Bank rejected the discount houses' early offers of hills and forced them to borrow at 2.30. The Bank ended up lending £365m to the discount houses for seven days at 101 per ceot. If its intention was to dampen their strotur for an early cut in hank base rates, the scuough.

"This is hardly anything of a signal at all," commented one

NEW ISSUE The securities referred to below have not been registered under the United States Securities Act of 1933 and This announcement appears as a matter of record only.

## DFC Overseas Investments Limited (incorporated with limited liability in New Zealand)

#### Cayman Islands Branch

U.S. \$100,000,000 **Guaranteed Undated Primary Capital Floating Rate Notes** 

> **Development Finance Corporation of** New Zealand

> > (a statutory corporation wholly owned by New Zealand)



Merrill Lynch Capital Markets

County Bank Limited Morgan Stanley International

Morgan Guaranty Ltd Salomon Brothers International Limited

ANZ Merchant Bank Limited Banque Nationale de Paris E F Hutton & Company (London) Ltd. Kleinwort, Benson Limited Mitsubishi Trust International Limited The Nikko Securities Co., (Europe) Ltd. Orion Royal Bank Limited Takugin International Bank (Europe) S.A. S. G. Warburg & Co. Ltd.

Banque Bruxelles Lambert S.A. Banque Paribas Capital Markets Limited Kidder, Peabody International Limited LTCB International Limited Mitsui Finance International Limited Nippon Credit International (HK) Ltd. Swiss Bank Corporation International Limited Union Bank of Switzerland (Securities) Limited Westpac Banking Corporation

Yasuda Trust Europe Limited

May 1986

Super Harris

Monday Sure 5 Sty.

Banca della Svizzera Italiana (Overseas) Lto (Incorporated under the laws of the Commonwealth of the Bahan

U.S. \$25,000,000

4 per cent. Guaranteed Notes due 1993 with "A" and "B" Warrants attached to acquire 20,000 Bearer Participation Certificates "tranche B" of Sfr. 500 par value each of, and unconditionally guaranteed by,

Banca della Svizzera Italiana

Issue Price 1001/2 per cent.

Union Bank of Switzerland (Securities) Limited

Banca della Svizzera Italiana

Credit Suisse First Boston Limited

Daiwa Europe Limited

**Deutsche Bank Capital Markets Limited** 

**Irving Trust International Limited** 

-Swiss Bank Corporation International Limited

This announcement appears as a matter of record only.



2nd June, 1986

(Incorporated in the Kingdom of Norway with limited liability)

U.S.\$100,000,000 7% per cent. Notes due 1993

and

100,000 Income Warrants to subscribe for

U.S. \$100,000,000 8½ per cent. Notes due 1993

Issue Prices: 7% per cent. Notes - 100% per cent. Warrants - U.S. \$75 per Warrant

Union Bank of Switzerland (Securities) Limited

Banque Bruxelles Lambert S.A.

Banque Nationale de Paris

Daiwa Europe Limited

**Deutsche Bank Capital Markets Limited** 

Fuji International Finance Limited

Lloyds Merchant Bank Limited

Mitsubishi Trust & Banking Corporation (Europe) S.A. The National Bank of Kuwait S.A.K.

The Nikko Securities Co., (Europe) Ltd.

Nomura International Limited

**Orion Royal Bank Limited** 

Smith Barney, Harris Upham & Co. Incorporated

Svenska Handelsbanken Group

Yamaichi International (Europe) Limited

8th April, 1986



U.S. \$100,000,000

### **Province of New Brunswick** (Canada)

8 per cent. Notes due 1996 U.S. \$75,000,000 are being issued as an initial tranche

Issue Price of the initial tranche: 99% per cent.

Union Bank of Switzerland (Securities) Limited

**Bankers Trust International Limited** 

Banque Bruxelles Lambert S.A.

**CIBC Limited** 

**Chase Investment Bank** 

Crédit Commercial de France

Crédit Lyonnais

Deutsche Bank Capital Markets Limited The Nikko Securities Co., (Europe) Ltd. **Dominion Securities Pitfield Limited** 

**Orion Royal Bank Limited** 

Swiss Bank Corporation International Limited

S. G. Warburg & Co. Ltd

Wood Gundy Inc.

**Julius Baer International Limited** 

Banca del Gottardo

Bank Leu International Ltd

Nesbitt, Thomson Limited

Richardson Greenshields of Canada (U.K.) Limited

Swiss Volksbank

20th May, 1986

This announcement appears as a matter of record only.



Can. \$100,000,000

10% Series B Debentures due May 20, 1996

Issue Price 1011/2%

100,000 934% Income Warrants to subscribe for U.S. \$100,000,000 834% Series C Debentures due January 20, 1994

Issue Price U.S. \$100 per Warrant

Union Bank of Switzerland (Securities) Limited

**Bank of Montreal** 

The Bank of Nova Scotia

Banque Bruxelles Lambert S.A.

**Citicorp Investment Bank Limited** 

Commerzbank Aktiengesellschaft

Crédit Commercial de France

**Dominion Securities Pitfield Limited** 

**EBC Amro Bank Limited** 

Kredietbank S.A. Luxembourgeoise

McLeod Young Weir International Limited

The Nikko Securities Co., (Europe) Ltd.

Orion Royal Bank Limited

S. G. Warburg & Co. Ltd.

Westdeutsche Landesbank Girozentrale

Wood Gundy Inc.

Lloyds Merchant Bank Limited

B. Metzler Seel Sohn & Co

Vereins- und Westbank Aktiengeseilschaft

Banca della Svizzera Italians

# Second market gains another entrant

are still generally relucted to raise new capital in this way.

Econocom Belgium, part of an international group of European and North American businesses founded and controlled by Mr Jean-Louis Bouchard, is offering investors just over a year ago in an effort to encourage small, offering investors just over a year so to the equity at a minimum subscription price of BFF 950. More shares will probably be made available if the issue is heavity oversubed.

New public offerings are few ond far between in Belgium: Only four companies joined the Brussels bourse in 1985 and a further three in the first six months of this year. Fresh

A FAST growing computer rental concern today becomes only the second company to join Belgium's 12-month-old authorities are deeply conservation of marche).

Econocom Belgium, part of an international group of Europe.

The second market of the junior market of junior market to the junior market of junior market of junior market of junior market of junior stock market (second marche).

Until today investors in turnover between 1983 and second marche in Belgium of junior (or 1985 from BFr S92m to develops into a more substantial market had to consider the junior (or 1985 from BFr S92m to develops into a more substantial market had to consider the junior (or 1985 from BFr S92m to develops into a more substantial market had to consider the market (second marche) market had to consider the market of junior stock market (second marche in Belgium investors in turnover between 1983 and second marche in Belgium of junior (or 1985 from BFr 2.44bn (\$53.6m) and an increase in profits before tax and important means of marche in Belgium of junior (or 1985 from BFr 2.44bn (\$53.6m) and an increase in profits before tax as an important means of marche in Belgium or junior (or 1985 from BFr 2.44bn (\$53.6m) and an increase in profits before tax as an important means of marche in turnover between 1983 and second marche in Belgium or junior (or 1985 from BFr 2.44bn (\$53.6m) and an increase in profits before tax as an important means of marche in the junior (or 1985 from BFr 2.44bn (\$53.6m) and an increase in profits before tax as an important means of protecting Belgium investors.

Econocom Belgium, part of a second marche in the junior (or 1985 from BFr 2.44bn (\$53.6m) and an increase in profits before tax as an important means of protecting Belgium investors.

Econocom Belgium of Europe and the province of the profits before tax as an important means of protecting Belgium investors.

Econocom Belgium of Europe and the profits below to the profits b

## MPH result indicates heavy loss

(MPH), the diversified and controversial Malaysian Chinese investment group, has finally re-leased its audited results for 1985. units have provided big problems They show the group incurred a record after tax attributable loss of MPH directors said the purchase

192m ringgit (573m), writes Wong Salong in Kuala Lumpur. The bulk of the loss, amounting to 151m ringgit, was attributed to massive write-downs of its 80 per cent Hong Kong-based ahipping subsidiary, Prompiship Holdings, and to provisions for bad debts of its trading division, Mulpha International

Both Promptship and Mulpha In-At the time of their acquisition, formed part of the strategy to develop MPH into a Malaysian multina-tional, with interests in banking,

**NEW INTERNATIONAL BOND ISSUES** 

property development, plantabons, shipping and trading.

MPH directors said steps were being taken to control losses by these two subsidiaries, including the decision to sell most of Promptship's ageing fleet, cancellation of

orders for new ships, and closure of Mulpha'a loss-making trading lines MPH recorded an operational pre-tax profit of 59m ringgit for 1985, on turnover of 652m ringgit compared with a profit of 104m ringgit on turnover of 640m ringgit in 1984. This turned into a loss of 41m ringgit after tax and minority

MPH, whose shares are corrently selling at around 40 cents compared with 4 ringgit when it was listed three years ago, was formed in 1976 by the Malaysian Chinese Associa-tioo, the Chinese partner in the Malaysian Government.

### Northgate mines to forge stronger links

By Kenneth Marston, Mining Editor

A STRONGER tink is to be forged between two of the Northgate group mining com-panies, the Australian gold-producing Whim Creek Consoli-dated and Westfield Minerats of Toronto. Whim Creek is to sub-scribe C\$2.5m (\$1.fio) or £1.19m) for 2m new shares of Westfield at C\$1.25 per sbare plus a three-year option on a further 2m

sbares.
Completion of the initiat sbare placement would give Whim Creek a 20 per cent interest in Wesifield while the option exercise would provide a further 15 per cent.
Investments held by West-

field have a current market value of C\$25m and include Ennex International (37 per cent), Northgate (10 per cent) and Whim Creek (8.7 per

Swiss Reissue

Swiss Reinsurance plans an International issue of 200,000 participation certificates of o nominal SFr 50 each in the next few months through a syndicate led by Credit Sulsse First Bos-

ton, Renter reports.

The company's participation certificates traded at SFr 3,200 in Zurich on Friday. The issue price will be based on prevailing market conditions at the

# Air Canada sells Jamaica stake

BY CANUTE JAMES IN KINGSTON

THE JAMAICAN Government

is to buy Air Canada's 5 per cent shorebolding in Air Jamaica, making that Jamaican corrier totally state-owned by the end of this year. The move follows on earlier

decision by Air Canada not to renew a contract for its minority sbareholding. Air Canada bos stcadily reduced its stake in Air Jomaica since it was launched 16 years ago. The 240,000 ordinary shares

are to be bought by the Govern-ment for C\$2m (US\$1.4m1, according to Air Jamaica representatives. Along with its minority shareholding, Air Canada bos been providing technical assistance. It is not known whether the Government will now seek another foreign airline as a partner,

The announcement of the buyout coincided with a forecast by Mr Tony Hart, chairman.

Air Canada's losses more than doubled to C\$46.2m (U\$\$33m) donbled to C\$46.2m (U\$\$33m) in the first three months of this year, compared to C\$22.1m in the first quarter of 1985. The state-owned airline, Canada's largest, blamed the deterioration mainly on greater use of discount fares and bigger discounts. Traffic younger great by 6 nor cent and bigger discounts. Traffic volumes grew by 6 per cent and operating revenues rose by 7 per cent to C\$645m. A steep rise in the cost of aircraft materials such as engine parts and panelling, and a higher fuel bill contributed to a 15 per cent increase in operating expenses. Mr Pierre

operating expenses. Mr Pierre Jeanniot, prestdent, said that

J\$\$m a year.

The company says the improvements in operating profits have prepared the ground for having been purchased from the fieet of the defunct Laker Alramatica to tackle its serious.

the company has implemented a "financial improvement pro-gramme" with the aim of achieving a small profit later this year. The airline plans to dispose of some aircraft and bas extended a freeze on hiring staff. It is also looking for new international rootes to offset the slow growth in domestic traffic. A freighter service to Brussels and Bang-kok will be introduced later this year. Air Canada is particularly keen to break the Government-sauctioned monepoly enjoyed by Canadian Pacific Airlines, its main competitor, across the Pacific to Japan and South-East Asia.

its second consecutive operational profit this year, after nearly a decade of losses.

"We are expecting to record a 1345m (USS8.2m) operating operating or profit for 1986, following an operational profit of 1323m in operational profit of 1323m in operational profit of 1323m in the year ending the weekend.

"This could be larger than we are anticipating, as this projection is based on oil costing \$20 per barrel."

An agreement, renewed (ast week, with British Airways for jointly serving the London
Mark and agreement, renewed (ast week, with British Airways for jointly serving the London
The two Airbus 300s are owned outright by the company, having been purchased from the feet of the defunct Laker Airways gore financial problems. The airline ways with the ald of a US\$100m having been purchased from the feet of the defunct Laker Airways with the ald of a US\$100m having been purchased from the feet of the defunct Laker Airways with the ald of a US\$100m having been purchased from the feet of the defunct Laker Airways was to be some and servicing this will contribute to an expected net loss of considering purchasing a third Airbus, and was investigating the possibility of financing this through Guiness Peas Avlation.

Hopes for continued improvements in Air Jamaica operating profit of 1385m next ments in Air Jamaica operating profit of 1385m next ments in Air Jamaica operating profit of 1385m next ments in Air Jamaica operating profit of 1385m rext ments in Air Jamaica operating profit of 1385m rext ments in Air Jamaica operating a field profit of the defunct Laker Airways for a 1345m (US\$8.2m) operating purchasing a third Airbus, and was investigating the possibility of financing this through Guiness Peas Avlation.

Hopes for continued improvements in Air Jamaica operating profit of 1385m next ments in Air Jamaica operating profit of 1385m next ments in Air Jamaica operating a field profit of 1385m next ments in Air Jamaica operating of seven aircraft, five B 7275 miles increased on the loss of the defunct Lake

Kingston route with three the B 727s were sold to, and flights per week, using BA's then leased back from, Guinness B 747 aircraft, is expected by Mr Hort to contribute obout the fifth is leased from Ansett

#### Non-operating gains underpin Japanese profits

By Yoko Shibata in Tokyo

SOME 40 per cent of large Japanese industrial companies made more money in the financial year ended March 31 out of treasury operations than they did out of manufacturing,

they did out of manufacturing, according to a survey by a Tokyo securities house.

Out of 952 iodustrial companies listed on tha first and second sections of the Tokyo stock exchange, 375 reported that their profits were heavily underpinned by non-operating items, according to the survey carried out by Wako Securities. By contrast, operations were hit hard by the steep appreciation of the yen during the period.

The compantes surveyed sufferred a combined 7.5 per cent

fered a combined 7.5 per cent drop in operating profits, but were able to limit the dectine in their pre-tax profits to only

Barrayana	Account M.	Meterity	Av. life years	Coupon %	Price	Book Rumer	Offer yield
ILS. DOLLARS				_	_		
	70	1991	5	27/4	108	Hikko Secs. (Europe)	2.875
Isaki & Co. T.	68	1991	5	234	100	Daiwa Europe	2.750
Orient Leasing 11		2001	15	81/4	100	Drawel Burnham Lambert	6.250
Alco Health Services 51	169	1993	7	31/2	100	Nikko Secs. (Europe)	
Mitsubishi Petrochemical 1:	70	1893	ś	23/4	108	Noncera lot.	3.125
Uny Co. 11	60			34	100	Yamaichi Int. (Eur)	2.758
Full Heavy Ind. 11	158	1993	7	31/2	100	Baiwa Singapore	3.125
Fuji Heavy led. 11	. 50	1893			108	Orexel Bumbers Lembert	3.125
Ikated Cable Tel. Corp. 5	58	2001	15	(51/2-6)	100	Goldman Sachs	•
recessed Berk (a)TI	100	1956	10	15bp			-
Blodex (b)†¶‡	30	1991	5	3/4	108	Goldman Sachs	-
Jysia Benk (c)†‡	100	1995	9	3/16	160	Lioyds Merchent Bk	
Toyota Minter Credit 1	100	1989	3	6	1003/4	Merrili Lyoch	7.711
S. G. Warburn (d) 11	228	2806	29	1/4	100	S. G. Warburg	-
Memetru 1	70	1991	5	23/4	188	Nomura Int.	2.750
Varde Bank (a) 11	15	1994	8	44	100	Dez sorske Credithk	_
National Bk Canada (f) 11	239	1985	10	V16	100	Morgan Stanley	-
Yameichi Secs. Co. 1	40	1696	19	(4)	100	Yameichi hrt. (Eur)	•
Yamaichi Seca. Co. 1	39	1993	7	(3741	100	Yameichi Just. (FIK)	
Mitsui and Co. (g) 1	59	1981	5	2	99	Nomera let.	7.98
Suprise Medical 5	30	1996	18	(7-742)	(100)	Kidder Peabody	
Hitachi Credit T	48	1991	5	(23/4)	100	Horava Int.	
Viscom int. §	200	2801	15	(57/4-6)	108	CSFB	•
D-MARKS							
Public Per Corp. Greate	150	Postponed				Bayerische Vereinstak	
Intershop O'seas Fin. 11	100	1995	10	23/4	100	UBS (Deutschland)	2.750
Eurofina 1	100	1999	10	91/4	100	Dontschn Bank	6.256
Servines Textile Co. 1	58	1993	7	(11/4)	100	WestLB	
SWISS FRANCS						W 64 - 6	
Bank of Grace	100	1994		(51/2)	(99)	B. della Svizzera Ital.	•
Martedison Fig. 7	400	1996	_	3	100	382	3.000
Asahi Broweries **1	50	1991	-	43/4	108	Swiss Volksbank	4.75
Hydro-Gushec ""	75	1994	_	42/4	100	Mgn. Guaranty (Switz)	4,750
Asian Dov. Back	100	1994	_	(5)	•	Credit Suisse	
New Branswick El. Par **1	80	1991	_	5	1001/4	IBS	4.947
Shield Enterprises 5	280 peax	1993	_	(91/4)	(189)	Societic	-
Suryo Cota Cale **5	25	1991	_	(144)	169	Boe Paribes (Suisso)	
Chiyetia Shee Shop ""	30	1591	_	43/4	100.3	Citicorp Bk (Switz)	4.806
Takera Shazo 1	30	1991	_	1174)	186	Credit Suisse	7.400
	48	2018	_	5Ve	108	Credit Suisse	5.258
Sensish Br. Druft ‡	80	1996		(5)	100	UBS	9.238
United Brownies		1994	-	(51/2)	(160)	Bge Paribes (Suisae)	
Southwork Corp. 7	200 max		-	444			* ***
Ford Motor Cr.	202.25	1988	_		199	Credit Suisse	4.250
Kikasui Flue. **† Hitackii Cradit **1	15 59	1991 1993	_	(4%) 4%	(100 <u>]</u> 99%	Erndit Soisse UBS	4.918
STÉRLING					30 .4		
Yemaichi Sacz, Co. ¶	20	1991	5	(31/2)	188	Yamaichi Int. (Eur)	
FICUS	904	1991		/21/41		D	•
C. No. 4	180	1991	5	(244)		Banque Paribas	
DAMESH KRONER Varde Bank \$	100	1993	7	95/4	1007/4	Chase Wandertton	9.574
LLOGENBOURG FRANCS . Ense Gutzeit 1	800	1993	7	73/2	168	Kradiethauk Int.	7.375

"Most yest priced. ‡ Fined turnes. "" Princip placement. \$ Convertible. † Floating rate note. ¶ With equity bearrants. Ø With bend warrants.

(a) 15bp year Set Liber. (b) % over fine Liber. (c) % s over fine Liber. (d) % over fine Liber. (f) Yes over fine Liber.

(g) Deformed compant, first campant at and of 4th year; unlisted. Note: Yields are calculated on ABD basis.

This announcement appears as a matter of record only. These Securities have not been registered under the United States Securities Act of 1933 and may not, as part of the distribution, be offered, sold or delivered, directly or indirectly in the United States or to United States persons.

New Issue / June, 1986



U.S. \$200,000,000

# The Export-Import Bank of Japan

8% Guaranteed Bonds Due 2000

Unconditionally and irrevocably guaranteed as to payment of principal, premium (if any) and interest by

Japan

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Morgan Stanley International

The Nikko Securities Co., (Europe) Ltd.

Nomura International Limited

Smith Barney, Harris Upham & Co. Swiss Bank Corporation International Limited Union Bank of Switzerland (Securities) Limited

S. G. Warburg & Co. Ltd.

Yamaichi International (Europe) Limited



U.S. \$100,000,000

8½% Notes Due April 1991

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BANKAMERICA CAPITAL MARKETS GROUP.

BANK OF TOKYO INTERNATIONAL LIMITED:

FUJI INTERNATIONAL FINANCE LIMITED

GULF INTERNATIONAL BANK B.S.C.

CHASE INVESTMENT BANK

BANQUE INTERNATIONALE À LUXEMBOURG S.A.:

CRÉDIT INDUSTRIEL ET COMMERCIAL DE PARIS

Westdeutsche Landesbank Girozentrale YAMAICHI INTERNATIONAL (EUROPE) LIMITED

4th April, 1956

REPUBLIQUE

# Government to reject register for salesmen

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MR MICHAEL HOWARD. Minister for Corporate and Consumer Affairs, will today announce the Government's rejection of a proposed register of life assurance and unit trust salesmen.

So it will be back to the drawing board for the Marketing of Investments Board Organising Committee as it searches for a way to supervise the 100,000 full-time and 100,000 part-time salesmen in the life assurance and unit trust industry — a sales force that the an average annual turnsver has an average annual turnsver of about 25,000 people.

The Financial Services Bill has no provision for control of individuals involved in tha investment field, whether marketing or management. responsibility for the hiring, training and behaviour of employees and company repreentatives rests with the investment firms as a condition of being authorised.

However, there is provision in the bill to establish a black list of individuals found guilty of misconduct in their activities

m the investment field.

Miboc, responsible for the marketing aspects of financial services, felt this proposal would not be sufficient to monitor life and unit trust

Mr Mark Weinberg, its chairman, has pointed ont that while putting responsibility on to the firm will work for, say, stock-brokers with manageable numof peopla concentrated in loss of the ability to sell.

firms within certain areas.

There would be a blacklist of a few firms within certain areas.

assurance—probably outnum-bering all other individuals affected by the financial services legislation—are spread throughout the country in about 15,000
firms, most of which have just one or two persons. Mr Weinberg bas advocated a system of individual control to supple—

Industry, particularly by the life insuranca Association, a trade body of life salesmen, which proposed a licensing to enabla the public to identify trained salesmen of integrity, with the company accepting full reponsibility.



Mark Weinberg: against merely blacklisting salesmen

ment supervision of salesmen by The first Miboc proposal, put forward nearly a year ago, en-visaged a full licensing scheme. This would have a two-stage test of competence and salesmen would have to abide by a code of selling practice. No one would be allowed to sell policies unless they beld a licence.

There would be complaints

and disciplinary procedures. A salesman found guilty would face being censured; the ultimate penalty being the surrender of his licence and hence the

would have to consult before The salesmen involved in life hiring a salesman.
This scheme was hroadly ering all other individuals accepted by the life assurance flected by the financial services industry, particularly by the

banks and building societies as well as the Consumers' Associa-tion and the Office of Fair Trading. So, in December, Miboc produced a modified ver-sion of its ideas.

Under the revised proposals salesmen would be registared after passing a competence test. They would still be subject to a code of selling practice. The register would contain a black list. No one could sell

unless registered.

Even this proposal did not satisfy the opposition. The banks and building societies called the register an expensive bureaucratic nightmare and maintained that the authorisation procedures for firms pro-vided sufficient protection. It appears their arguments bave

won the day.

So what does Miboc do now?

There would appear to be
little alternative but to redesign the rule book that would
enable the central controlling enable the central controlling hody—the Securities and In-vestments Board—and the eppropriate self-regulatory or-ganisations to exercise tight control over the hiring, train-ing and sales methods of firms

its proposals have been officially

turned down.

Mrs Christine Leach, president of the LIA, said that if rejection occurs the association will go ahead with its original proposals for its own licensing system to be operative by the beginning of next year. The views of many bome ser-

reflected in a statement last week by Mr Einion Holland, executive chairman of Pearl Assurance, who welcomed the Government's expected refusal of registration.

Lords: Hosticultural Produce Bill (committee), Agricultum Bill, (core-mittee), Orug Troffiching Bill (third reading), Education Suggort Grents (Amendent) Regulations 1986 (motion-for agrence) Transport marketing company to close TRANSPOTECH, a company out of business at the end of established in 1983 by the September.

British Technology Group to market products and expertise available from the Department of Transport, has decided it has been decided

Mr Bottomley said there The company, a wholly owned subsidiary of the group, is taking on no new work from the end of this month and will go

Transpotech has been a worth-field.

Mr Peter Bottomley, Parliawould be no change in the Government's commitment to export efforts in the transport field. deregulation on Allunotion edjournment of the House,

tees on a private bills—Bride Rail-tees on a private bills—Bride Rail-ways (No. 2) Bill IRoom 19, 10.30 sm) County of South Gismergas (Tail Crasslag) (Room 5, 10.30 sm), Loadon Occklends Raifway (City Exteasion) Bill (Room B, 10.30 sm).

Commons: Comgletion of remaining stages of the Financial Services Alli. Mode on the Petronege (Bessices) Messure.

#### FINANCIAL DIARY

Parliament<sup>\*</sup>

Lords: Public Trustes and Administra-tion of Funds Bill (third reading). Family Law Bill (committee). Dockyard Serelcas Bill (committee). British Shig-builders (Borrowing Powers) Bill (committee). Coasumer Salety (Amendreent) Bill (escond meding).

(Amendreent) Bill (second meuring).

Soloct Committees: Public Accounts
—Subject: Control of local authorities
cegital augendituro. Wrinesa: Mr Terry.
Helser, Oepertment of the Environment
(Room 16, 4.45 gm). Tressury and
Civil Service. Wrinesa: Mr A. Wilson,
civil Service. (Room 15, 4.45 pm).

TOMORROW
Commons: Educadon alli (secondineding). Motion on the Appropriation No. 2) (Northern Instand) Order.

this week

COMPANY MARTINGS. COMPANY MESTINGS—
Ballika Gleral Technology, 3 Glenenies
Street, Bellouries, 12.00
Street, Bellouries, 12.00
Street, WC. 12.00
Foster Lase, EC. 11.30
Instrape, Baelic Exchange, 14-20 St Mary
Ans. EC. 12.00
SOACO MEETINGS—
Ficalis
British Bengol
Dominion International
F. C. C. Alliance, Invest Trust
PWS International

terspost Gold Mining

Williamson Tan
OF/10ENO & INTEREST PAYMENTSelections for the second of the second of the second county 5' sec 1885-87 2.TSpc
Lucas Inde 2.5p
Ottoman Bank (Br) ecop
Pearl Asserance 26.75p
Royal Saak of Sociand Fits Rate Pr
Rate Motes \$428.56
filbury 3.8p

THURSDAY JUNE

BOARD MEETINGS— Finals: Amber Industrial Beacham

PRIDAY JUHA 13

Beecham
Browniee
Coffyrs
Caledonin investments
Biliot vill
Finlay (Lamea)
Slaters Food Products
600 Gropo
Staveley industries
Thermal Scientific
Industries

Geever Tin Mines Millward Zrown

TOMORROW

Lords: Airports Bill (report). Armed oross Bill (report). COMPANY MAETINGS— liebone. Oakley Road, Rushden, Horthamptonshira. 12.15 Great Orcen Select Committees: Private Bills —
County of South Glemorgen (Taff Crossing) Bill (Room 5, 10.39 am);
London Occklands Railways (City Errensions) Bill (Room 6, 10.30 am);
British Railways (No. 2) Bill (Room 19, 11.00 am). Corarages: Missions on orders end regulations relating to the uprating of social security benefits, antil about 7 om. Progress on measing stages of the Financial Services Bill. Latent Osmego Bill (second reading). Crown Agents (Amendment) Bill (remaining stages).

12.30 Controllife Road, Darlington,
12.30 Hvda Park Hotel, Knightsbridge,
13.00 Property Invests, Grosvenor
Hotel, Bucklogham Palace Road, SW,
12.00 BOARO MESTINGS-

(comrettee). Housing (Scotlead) Oili (third reading).

Select Committees: Walsh Affairs—Subject: Beef Variable Premium. Witnesses: Welsh Office officials (Roors 18, 10.30 am. Timde and Indeatry—Subject: Rolls-Royce monitoring inquiry. Witness: To be aenounced [Room 21, 10.45 am]. Social Services—Bubject: Public spending on accial services. Witnesses: Mr Tony Newton. Social Security Minister Room 21, 4.15 pm). Transport—Subject: Finencing of rail services. Witnesses: Trans cort Salaried Staffa Association: Or P. Goodwin, Oxford University (Room 17, 4.15 gm). Environment—Bubject: Historic Buildings and Ancient Monursente. Witnesses: British Tourist Authority and English Tourist Soard (Room 20, 4.30 pm). Joint Committees—Consolidation Bills: Insolvency Bill and Compay Offscors\* Olsobelification Bill (Room 4, 4.45 gm). Corselities on a private bills—British Railways (No, 2) Bill IRoom 19, 10.30 sm) Finals:
thins Brothers (Hoslery)
thysocrustricht Gold Mining
residered Prop Trust
flectrocomponents
Cest Rosen Organisation
Great Portiand Estates
Wetal Cod
Trust
Taborne- and Little
Silves Investment
Time Products
Interfens
Carr's Milling Industries
Deveniah (J. A.)
Durban, Roodepoort Deep

Notingham Grick

DIVIDAND & INTREEST PAYMENTS—
Allebone 1.250

Barnes 25 ccs

Carron 80 cc 4.3 cs

Carron 80 cc 4.3 cs

Green 1 Motors 125 cts, Bors tes Barn

Bani-Usofts 1120 Sham) 8.25 cts

Grace (W, R.) To cts

Houston Inds 70 cts

Lockhed 25 cts

Jinou Smaller Companica Pere

N. 0.060

WEDNESDAY JUHE 11 COMPANY MSETINGS— ockleys, Buckatree Nail Hotel, Lane, Wellington, Telford, Shro

Attorned (Tournesservick (Tournesservick)
Delitraal Gold Mining Decitraal Gold Mining Color (Tournesservick)
District (Tournesservick)
Close Gold Mining Libanon Bros

### BUSINESSMAN'S DIARY

Shop Equipment and Display International Satellite and Cabla Exhibition. including Point of TV Exhibition and Conference—Sale—SHOPEX INT (01-868 4499) (until June 12) Olympia Met. Exhn. Ball Exhn. B

June 23-26 Institute of Leisure and Amenity Management Conference and Exhibition (0491 873558) Harrogate

J.D. Miggs and Hill. Maytair Hotel. Stratton Street. W. 11.00
Miggs and Hill. Maytair Hotel. Stratton Street. W. 11.00
Migh Gosforth Park, Brandling House, Nigh Gosforth Park, Hewcastle Inon Tyne. 18.50
Migh Gosforth Park, Hewcastle Inon Tyne. 18.50
Migh Gosforth Park, Hewcastle Inon Tyne. 18.50
Might Gosforth Park, Hewcastle Inon Might Gosforth Mater. Street. Mayor Hotel. Advertising. Screet Hewant, Hampshire. 12.00
Mystems Reliability. 400 Dnilow Road. Liton. Sedfordshim. 4.60
Might Might Gosforth Might June 24:26
Advanced Materials Coofbrence
and Exhibition (01:868 4466)
Wembley Conference Centre June 25-27 Property and Construction Management Exhibition (01-995 8003)

Barbican Centre July 1-5 International Production Engin-eering and Productivity Exhibi-

OVERSEAS TRADE FAIRS June 10-13

tnternational Banking and Fin-ance Services and Technologies Exhibition — TECHNOBANK (0494 775444) Geneva June 11-15 International Wine Festival— VINOVA (01-977 4551) Vienna International Rubber and Plas-

Worthand
OIVIDEHO & INTEREST PAYMENTS—
Bank of Tokyo | Curacao) Fitts Rates Notes
1881 S210.12
Banuse Astioname de Paris Seb Fitts Rate
Banuse Astioname de Paris Seb Fitts Rate
Cory | Horrace) 0.4d
Eaton Finance 121-pac.ln 2014 6.25pc
Excheeuser 122c 2013-17 6sc
Fisher (James) 1.79
Garfankels & Estaurants 1.085p
Hispa And Nill 6.4p
Hispa And Nill 6.4p
Moneanto 3 C3
Southeast Banking Fitts Rate Sub Hotes
1996 820.24
Spring Ram 1.210
Freasury 12pc 1986 6pc
Freasury 10pc 1987 Sec

Ec. 10.30 ... ower Rooms, Tower Hill.
Eastern Produce, Sir John Lyon Mosse,
5 High Timber Street, EC. 12.00
Morgan Crucible, Calé Royal, Repents
Street, W. 12.00
Faylor Woodrow, International House,
World Trade Centre, 1 St Katharines
Ways, 8, 11.30
Finites, 1 Seriganty Isaa, EC, 5.09
Executive Times, 1 Seriganty Isaa, EC, 5.09
Executive Times, 1 Series, 1 Series,

Some OIVIOSHO & INTEREST PAYMENTS-6SR lathi 5tpctn 1R65-90 2.T8pc 8ank of Scotland 8.5g

June 16
LSE: Energy supply options in a resource-full national economy Toe Institute of Petroleum:
—the case of the UK (01-405 Introduction to petroleum economics (01-636 1004)

London, WC2

61 New Cavendish Street WI ishe 26 circles 125g
specific lights 5.06g
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forrow 59
SATURDAY JUNE 14
COMPANY MEPTINGS—
Intrilin and Peacock, Creat Hotel, Esth
Road, Longford, West Drayton, Middleest, 11,20
OIVIOENO & INTEREST PAYMENTS—
Apricultural Mortpaga 104pcDb 18R2-R5
5,1250e Agricultural Mortania 5.125pc 5.125pc 95pc 2002 4.75pc Treasury 94pc 1Rod 4.875pc Treasury 104pc 1Reo 5.25pc

SUID DAY JUNE 15
SUID D

5.8593pc 14 71:20 1903-86 3.76pc 14 87.5 ets ms 2 cts

Treasury 84pc 1987-90 4,125pc | Inited Biscuits 75pc0b 1981-86 3.75pc 8pc0b 1993-90 4pc

UK TRADE FAIRS AND EXHIBITIONS

Grosvenor House Antiques Fair Edocation, Training and Person

June 17-20 NEC Birmingham
Advanced Manufacturing Technology Show MANUTECH (01881 3426) Olympia International Water Exhibition
and Conference WORLD and Conference — WORLD WATER (0923 778311) Olympia

July 15-17 Systems for the City Exhibition (01-868 4466) Barblean Centre July 16-18

PC User Show and Conference (01-808 1161) Olympia

tics Exhibition (01-486 1951)
Beijing
June 24-28
Radio and TV Trade Fair (01-734 0543)

August 31-September 6
International Antumn Fair (01-240 7013)
September 17-24
International Engineering Fair (021-455 9600)

Rrade Fair (01-734 0543)

BUSINESS AND MANAGEMENT CONFERENCES

Instituta of Directors: UK com-

Juna 18
RIPA: Government and the private sector (01-222 2248)
London Business School, NWI
Juna 18-20
London Business School, NWI
Juna 18-20
Morid Congress on Management Development (0234 4838)
Royal Lancaster Hotel, WZ
June 24
FIBEX: Corporate restructuring
—for better or worse?

Hatel Inter-Continental, WI

835 2382)
Cale Royal, Waller Royal, Waller Royal Institute of International Affairs: China's seventh Five Year Plan; an assessment (01-930 2233)
Chatham House, SWI
Legal Studies and Services:
Mergers and acquisitions—strategic tax and accounting issues (01-236 4080)
Royal Lancaster Hotel, WZ

Royal Lancaster Hotel, W. Dum & Bradstreet: How to handla letters of credit (01-377 4453)
Hollday Inn, London

1355) Hotel Inter-Continental, Wi-

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

## **Contracts and Tenders**



future.

### REPUBLIQUE ALGERIENNE DEMOCRATIQUE

ET POPULAIRE

(Algerian Popular Dereocratic Republic)

MINISTRY OF COMMERCE NATIONAL CONPANY FOR THE PROVISION OF FOODSTUFFS NOTICE OF INTERNATIONAL OPEN INVITATION TO TENDER **NUMBER 13** 

An International Invitation to Tender is being launched for the supply of powdered

Companies intorested may obtain the specifications from the Algerian Erebassy in their country of origin, from their own Embassy in Algeria, or from: EN.A.P.A.L.

29 RUE LARBI BEN M'HIDI ALGIERS

This invitation to tender is intended solely for corepanies from the following countries:

Australia, New Zeslend, Argentina and Canada

Offers should be sent in a double-seeled envelope, hearing no identification, and should read: "APPEL D'OFFRES INTERNATIONAL NO. 13 LAIT INSTANTANE." The final date for receipt of Tendors is 20/6/1986.

Tenderers shall be bound by their proposal for a period of 90 days with effect from the closing date of this nooce.

W. T. Devenay

Director of Water

Strathclyde

Regional Council

(LOWER CLYDE DIVISION)

MILNGAVIE WATER TREATMENT WORKS

It is proposed to upgrade and refurbish the chemical dosing processes and equipment at Milngavie Water Works at Milngavie, Dunbartonshire. These works supply some 385,000 cubic metres of water per day to consumers io the Glasgow Area.

The systems affected are disinfection (chlorination), pH correction (lime dosing) and corrosion inhibition (orthophosphoric acid).

Contractors spacialising in water treatment processes who wish to be considered for inclusion in the list of

firms to be invited to teoder for the Water Treatment Contract should submit their names to the undersigned

not later than 12 noon on 20th June, 1986.

#### BANGLADESH

road rehabilitation and nathtenance project (IDA)

NOTICE OF PREQUALIFICATION

The Government of the People's Regulation of Bangladesh will seek an IOA credit to Branco the reliabilitation of about 450 km of national highways. Including reconstruction and regelr of bridges and culverts, is anotherwest Bangladesh.

Contractors desiring prequalification should apply in writing for prequalification questionnaire to the following address: Superintending Engineer (RHD) Road Rehabilitation Project (IDA) Sarak Bhaban, Ramma, Dhake, Bangir

Telex: 642401 SHER BJ Attn: Project Manager Alan MacNan enclosing Bangledesh Taka 500 (or US\$15 equivalent) made payable to "Snowy Mountains Engineering Corporation" to cover cost and postage. Completed agglications should be returned to the same address by 2nd August, 1988.

#### Company Notices

LEUMI INTERNATIONAL INVESTMENTS NV USS 40 million Floating Rate Notes 1989 Extendible at the Holder's

Extendible at the Holder's Option to 1972 (1st issue)
The robrest mto applicable to the above Notas is respect of the six months period correseating Monday, 9th Juae 1986, has been fixed if 72% per annum. The interest amounting to US\$37.81 per US\$1,000 principal smount of the Notas will be gaid on 9th December 1986, against presentation of Coupon No. R.

Personal



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ANDREW WYLD GALLERY, 17, CIRBON Street, London, W1, THE WATEN-COLOURS OF A SAMUEL JACKSOM (1794-1869). F A Samu Schibilion from The City of Brissol Art Gallery, R.Do-6.09 Won-Fr. Brill 16 Jaes. Admission

Legal Notices

LUCAS VENDING SERVICES LIMITED ANO IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IB HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily would up, are required, on or before the 30th day of Juna, 1908, to send is their full Christian and summers, their addresses and descriptions. full conticulate of their debts or claims, and the names and addresses of their Solicitors [if any) to the undersigned Michael Jeffrey lesses, FCA. Leonard Curtis sed Perinars, 3rd Floor, Pater Houns, Oxford Street, Manchester M1 SAB, the Liquidator of the seld Company, and, if so required by notice in writing from the seld Liquidator, am, personally or by their Boilcitom, to come in and prove their debts or claims at such time and place se shall be specified in such notice, or in default thereof they will 5e excluded from the bonefit of any distribution made before auch debts are proved.

Osted this 30th day of May 1986, MiCHAEL J., ISAACS, Liquidator. NOTICE IS HEREBY GIVEN that the creditors of the above-named Company.

IN THE MATTER OF HISCOCK BROS. LIMITED AND IN THE MATTER OF

NOTICE IS HEREBY GIVEN that the cheditors of the above-named Company, which is being voluntarily wound op, are required, on or before the 25th day of July, 1986, to cand in their full Christian and aumanes, their addresses and descriptions. full perticulars of thoir debts or claims, and the names and addresses of their Solicitors (if any), to the undaraigned Mr Philip Monjeck, FCA, of 30 Eastbourna Terracs, London WZ GLF, the Liquidator of the eald Corapeny, and, if so required by notice is writing from the seld Liquidator, are, personally gr by their Solicitors, to come in and prove their dobts or claims at euch time and place as enait be specified in auch notice, or in default thereof they will be excluded fram the benefit of any distribution made before such debts are groved.

Osted this 29th day of May, 1896.

JOUIDATOR. IN THE MATTER OF

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any securities.

### **NEIL & SPENCER HOLDINGS PLC**

(Registered in England-No. 776635)

4.034,953 Ordinary Shares of 10p each at 18p

The Council of The Stock Exchange has admitted the above-mentioned shares

Copies of the listing particulars containing particulars of the Deferred Ordinary Shares are available in the statistical service of Extel Statistical Services Limited and may be collected during normal business hours from the Company Aunouncements Office, The Stock Exchange, London, EC2P 2BT until 11th June, 1986 and on any weekday (Saturdays excepted) up to and

Neil & Spencer Holdings PLC Station Road Leatherhead

National Westminster Bank PLC **New Issues Department** P.O. Box 79, 2 Princes Street

9th June, 1986

### **GW Overseas Finance N.V.**

71/2% Convertible Subordinated Debentures

Due 1998

The Debentures are convertible into whole shares of Common Stock, par value \$1.00 per The Debentures are convertible into whole shares of Common Stock, par value \$1,00 per share of Great Western Financial Corporation ("Common Stock") through the close of business on July 9, 1986 of any of the above offices. No fractional share of Common Stock will be issued upon conversion. Instead, a cash payment for each fractional share will be made on the basis of the last reported sale price of the Common Stock on the New York Stock Exchange on the day of conversion. Each \$1,000 of Debentures is convertible into 30.30 shares of Common Stock. Based on the closing price of the Common Stock on June 2, 1986, of \$38.875, each \$1,000 of Debentures would convert into \$1,177.91 worth of Common Stock. As loog as the price of the Common Stock is \$34.375 per share or higher the common Stock is \$34.375 per share or higher the share of Debentures.

June 9, 1986

419 Balmore Road Glasgow G22 6NU

Commercial & Industry
Property
Residential Property Ausinasa, Investment
Opportusities

Outsiness for Sale/
Wanted
11.50
39.00
Personal
Motor Cats
9.00
30.00
Holidays & Travet
9.00
Contracts & Tenders
11.50
39.00
Contracts & Tenders
11.50
39.00
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10, Cannon Street, EC4P 4BY

COLNAGHI, 14, Old Sond St., Wt. 91-4R1 7498. PASTIMES, PLEASURES AHO PURSUITS—A Servey 91 87848 Sporting Life. Until 28 June. Mon.-Fri.

LECER, 13, Old Bond Street ENGLISH PICTURES FOR THE COUNTRY HOUSE, Mon. to Fri. 0.30-5.30.

Oated this 29th day of May, 1986. P. MONJACK,

Surrey KT22 7AJ

June 12
The Institute of Petroleum:
Sources of information for tha offshore industry (01-636 1004)
New Cavendish Street, WI
New Cavendish Street, WI

July 2-3
International Business Communications: Tax aspects of international treasury management (01-236 4080)

Cofe Reval. WI

Institute of Directors: UK com-panies — the revenue offensive (01-839 1233) 116 Pall Mall, SWI Juna 18

Superscript SWI

His Conferences: Three days of theft, fraud and negligence (01-935 2382) Cafe Royal, WI

issued by way of rights

London EC2P 2BD

NOTICE OF REDEMPTION

will receive upon conversion Common Stock is 33-373 per snare or higher, holders of Decembres will receive upon conversion Common Stock (and cash in lieu of fractional shares) having a market value greater than the amount of cash which would be received upon redemption. Yoo should obtain current market quotations for the Common Stock. Holders of Decembres who do not wish to convert their Decembres into Common Stock will receive accrued interest to but not including the July 9, 1986 redemption date.

and Productivity Exhibi- Acorn Computer User Christmas tion and Conference—PEP (01- Sbow (01:349 4667) Stown (01:349 4667) Stown (01:349 4667)

August 20-23 Office Technology and Computer Exhibition (01-486 1951) Kuala Lumpur August 26-28 Finnisb Fashion Fair (01-486 1951) Helsinki August 31-September 6

July 2-3

8.069,907 Deferred Ordinary Shares of 10p each at 12p

including 26th June, 1986 from:

NOTICE IS HEREBY GIVEN THAT GW Overseas Finance N.V. has elected to redeem all of its outstanding 74% Convertible Subordinated Debentures Due 1986 (the "Debentures") oo July 9, 1986, at the Redemption Price of 103% of their principal amount.

(0799 28699) nel Development Exhibition and Grosvenor House, W1. Conference (01-637 2400)

July 20-24 Gift Trade Fair (0282 867153) Harrogate Exhibition Centre

International Powder Metallurgy Exhibition and Conference (01-493 3893) Dusselderi

July 9-11

To the Holders of U.S. \$50,000,000

June 9-10
FT Confarences: World Electronics — Strategies for tomorrow's markats (01-621 1355)
Hotel Inter-Continental, WI

July 2
The Industrial Society: We're making it happen — industry works for people (01-839 4800)
The Royal Albert Hall

FT Conference: World gold in 1988 (01-621 1355) Crown Eagle: Defeoce contract Hotel Inter-Continental, WI management and negotiation (01-242 4111) The Tower Hotal, E1

Baring Brothers & Co., Limited 8 Bishopsgate London EC2N 4AE

July 9, 1986, at the Redemption Price of 103% of their principal amount.

On July 9, 1986, the Redemption Price will become due and payable upon all Debentures, and interest thereon shall cease to accrue on and after said date. All Debentures, together with all coupons appertaining thereto maturing after June 1, 1986, are to be surrendered for payment of the Redemption Price at themain offices of any one of 1) Bankers Trust Company in London, 2) Bankers Trust Company in Paris, 3) Bankers Trust GmhH in Frankfurt am Main, 4) Banque du Benelux S.A. in Brussels, 5) Banque Indosuez Luxembourg in Laxembourg and 6) Swiss Bank Corporation in Basle, or at the Corporate Trust Office of Bankers Trust Company in the Borough of Manhattan, The City of New York; provided, however, that if Debentures are surrendered in the City of New York, certain cartifications or information may be required in order to obtain relief or exemption from U.S. withholding taxes.

GW OVERSEAS FINANCE N.V. By: BANKERS TRUST COMPANY, Trustee

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Amenint Latent 1986
Paid Researc.

Date High Low

EQUITIES

# Tenby Inds sees year of growth and progress

trical accessories and engineering businesses of BSR.

The troubled electrical goods manufacturing concern is disposing of a 60 per cent stake in Tenby at 112p a share valuing the group at £19.7m. the group at £19.7m.

Tenby's aclivities can be broken down into two broad areas: clectrical accessories trad-ing under the Tenby name and

and a reduction in demand from the Middle East and Singapore at a time of exceptional capital expenditure and factory reorganisation.

tional capital expenditure and factory reorganisation.

The overseas market remains lower but a substantial export order has been landed and de
The overseas market remains lower but a substantial export order has been landed and de
The overseas market remains lower and Pitman and Albert enough but buyers are not going to make their fortunes on day one.

THE FULL prospectus is published this morning for the offer for sale of 10.56m shares in Tenby Industries, the UK electrons to date. An improvement that the common theme for a strong to date. An improvement that the common theme for a strong to date. An improvement that the common theme for a strong to date. is predicted for the current group of companies is market-

> After years of losses, the overall group total up from £2.38m to £2.48m pre-tax after a pensions holiday saving

£214,000.

The outlook for the angineera group of engineering companies; Bulpilt, Fraser & Glass, BKB and Cook.

The electrical side, manufacting subsidiaries in the current year remains mixed with Bulpitt, which is tied to the defence industry, achieving substanti-The electrical side, manufacturing wiring accessories such as plugs, switches and sockets, is the group's largest contribution, lowever, sustained a severy blow last year.

The electrical side, manufacture pitt, which is tied to the defence industry, achieving substantially higher numbers while BKB, which manufactures electric molors and generators, has experienced a disappointing start hecause of cutbacks by a major customer.

There is no profits forecast

tor accounting for 44 per cent of 1985's turnover. Its profess start hecause of cutbacks by s contribution, however, sustained a severe blow last year when its pre-lax contribution slumped from £2.1m to just under £1.4m.

Tenby electrical was caught by a combination of price competition in the domestic market and a reduction in demand from the Middle East and Singapore at a time of exceptional conital expenditure and several contributions.

Experienced 8 disapponuing start hecause of cutbacks by s major customer.

There Is no profits forecast though not full, recovery pushing the group as a whole the directors are predicting a though not full, recovery pushing the group as a whole towards £3m pre-tax. Eventually the idea is to use quoted paper to expand the product range into fuss and switchgear by based on a 12 per cent tax acquisition. If all this sounds on the dull side the pricing has of tax losses) and a yield of 5 per cent. Net assets per share are put at 92.7p.

MK. The issue should go well with the group as a whole towards £3m pre-tax. Eventually the idea is to use quoted paper to expend the product range into fuss and switchgear by acquisition. If all this sounds on the dull side the pricing has been pitched realistically givered to the contribution of the current year although not full, recovery pushing the group as a whole though not full, recovery pushing the group as a whole towards £3m pre-tax. Eventually the idea is to use quoted paper to expand the product range into fuss and symbol of product range into full precovery pushing the group as a whole towards £3m pre-tax. Eventually the idea is to use quoted paper to expand the product range into full, recovery pushing the group as a whole towards £3m pre-tax. Eventually the idea is to use quoted paper to expand the product range into full, recovery pushing the group as a whole towards £3m pre-tax. Eventually the idea is to use quoted paper.

At the issue price Tenby is towards £3m pre-tax. Eventually the idea is to use quoted paper.

### **Profits pass** £7m mark at GT Management

By David Goodhart

The fund management group GT Management which is doe for a stock market flotation later in the summer, has announced a pre-tax profit of £7.03m (£5.6m) on turnover higher at £26.06m. (£22.6m) for the year ending March 31 1986. The figures, released in its

annual report, show rapid growth from the pre-tax profit of £1.38m on turnover of £6.86m recorded in 1982.

of f6.86m recorded in 1982. Mr Themas Griffin, the chalrman, said in the report that a poblic listing will facilitate the freer transfer of shares among an increasing number of sharebolders. It would also place a proper market value on the company to the advantage of sli shareholders, especially the Berry Trust, the founding sharebolder, which has a 28 per cent stake. cent stake.

cent stake.

In reviewing the year, he said that the fletation of a new unit trust in the UK, the GT Germany Fund, ranked as one of the year's most successful launches. He added that a further important move was the setting up of the GT Special Development Group to manage long-term enterprises.

Strata Invs.

At the end of its first seven months on April 30 1986 net asset value of Strats Investments was 126.7p or 124.3p assuming full conversion of warrants. Net revenue came out at £189,602 after tax of £103,643.

Earnings per share were 1.19p. There is no interim payment but directors expect to be able to recommend a dividend at the end of the

Bell/Morgan
The Bell Group and its
associate Bell Resources, the Australian conglomerate con-trolled by Mr Robert Holmes

. .

# Woolworth chief accuses Dixons as bid battle continues

THE propaganda battle between staff morale and supplier con-Dixons Group and Woolworth continued over the weekend while most City observers await an increse in Dixons' bid this week from the current £1.5bn valuation to £1.8bn or £1.8bn.

Mr Geoff Mulcahy, Woolworth Holdings' chief executive, accuses Dixons, in a letter to sharebolders, of trying to use their "over-valued share price" seriously damage the prospects for both businesses.

for both businesses.

He makes five main points:

There are limited prospects for growth in Dixons' core markel of high street electricals. The overall market is cirtually static, and oul-of-town operators have grown eight times faster than the high street since 1980. Woolworth's Comet subsidiary is the out-of-town market leader.

Dixons' plans to replace Dixons' plans to replace Woolworth's Focus strategy

fidence." Dixons would hove to achieve

market overnight to avoid a drop in sales per square foot if it put Dixons and Currys stores into Woolworth's. Capital costs of the scheme would be buge. A poor share performance would be the likely result of the bid. All three recent major to buy Woolworth, and of pro-poslog retail plans which would a poor share price performance. £34m increase in Dixon's profit could be due purely to the run-off of benefits from the Currys acquisition.

Dixons also wrote to Wool-worth sharebolders yesterday stressing the dynamism of its recent growth. It states that in the year to April 26, 1986, sales at both Dixons and Currys were up about 27 per cent on the previous year. Additionally, Dixons turnover

Woodworth's Focus strategy for the year ending April 26.
with its own operation, Ramrod, 1986, is expected to exceed
"would disrupt relaying, fluor Dixons soles per square
remerchandising and refurbishment plans, and undermines and Currys by 21 per cent.

### **English Trust granted** full banking licence

THE English Trust Company bas been granted a full banking licence by the Bank of England, Mr Richard Cox-Johnson, tho chairman, said tho group was pleased to bave achieved this status, even though the distinction between a licensed depositive rand a bank is likely to be eliminated in forthcoming bank in glegislation. It would permit conducted largely through its ing legislation. It would permit the group to expand its deposit

conducted largely through its US subsidiary. Train Smith Counsel Inc.

#### Pearson denies bid rumour

Lloyds Bank Plc

Lloyds

U.S.\$750,000,000
Primary Capital Underted Floating Rate Notes - Series 1

In accordance with the terms and conditions of the Notes and the provisions of the Agent Bank Agreement between Lloyds Bank Ple and The Chine Manhaman Bank, Agent bank Agreement between Lloyds Bank 17c and The Chair Manhaman bank, N.A., dated 5th Jone, 1995, notice is hereby given that the Rate of Interest for the inverser Period beginning on 9th June, 1996 has been found at 73% p.a. The relevant interest Payment Date is 9th December, 1996 (making an increase pecial of 183 days), and payment of US\$381.25 will be made against Coupon No. 3.

Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managore 8 Lovat Lans London EC3R 6BP Telephone 01-6

VISCOUNT BLAKENHAM, tho 

Ro categorically denied that chairman of Pearson—the industrial, banking and publishing group which owns the Financial Times—yesterday discounted weekend rumours of a bid for the company.

"These letter command. "These latest comments are information on the Pearson nn more accurate than the many share registor showed that there comments that have been made before," he said last night.

2 per cent.

### PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's anouncements except where the forthcoming board meetings (indicated thus") have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column beaded "Announcement last year."

Announce.

Assoc Nowspapers...July 8
Assoc Nowspapers...July 8
'Avana ....Juno 23
'BPS Indo ....Juno 25
'BIS Indo ....Juno 25
'BIS Indo ....Juno 25
'BIS Indo ....Juno 27
'BIS Indo ....Juno 28
'BIS Indo ....Juno 29
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'BIS Indo ....Juno 20
'BIS Indo ....Juno 20
'Capia Industs Juno 27
'Capia Industs Juno 28
'Capia Industs Juno 27
'Comprovincie Estatea...Juna 28
'Gon Tat...July 2
'Olawaon Indu...Juna 29
'ElectroComponents...Juna 10
'ElectroComponents...Juna 20
'ElectroComponents...

Components...June 10 Final 8.65

\*Bectronia Rantels...July 7 Final 2.065
Ferranti ......June 25 Final 1.04
\*Pinlay (J) ...June 12 Finel 2.15
Fitch Lovelt ...June 20 Final 2.65
\*GEC .......July 2 Final 2.65
\*GEI ......July 17 Final 3.81
\*Or Portland East

Itato mont lest year?

IC Gas ......Juno 27 Finel 9.25 Intnl Leisura ...Juny 9 Finel dug Intl Signal ...Juna 13 Final 1.5cts London Intl ...Juna 20 Final 2.8

\*Lond Scottlah Financo...Juna 16 Interim 0.9

Magnet 8. Southems...July 10 Final 2.7

\*Mettal 8ox ...Juna 10 Final 11.15 \*Mitchall Somers...June 19 Final 1.75
\*Northern Foods...July 7 Final 3
\*Pilkington ...June 11 Sec Inl 7.5 \*Racal Electronics...June 23 Final 2.288 Rank
Organisation...July 11 Interim S5
Rethechild (J) July 1 Final 1.2
\*Scottlah and
Newcasolle...July 1 Final 4.19
\*800 Group ...Juno 12 Final 3.16
\*Stavoley Inda Juno 12 Final 3.16
\*Stavoley Inda Juno 12 Final 11.0
Thom EMI ...July 9 Final 12.5
Trusthouse
Forte....Juno 27 Interim 1.27
\*Unigale ......Juno 18
Union
Discount...Juno 17
Final due

### **TOP 500**

For the past 16 years The Banker has researched and published the asset size and capital strength of the world's largest commercial banks. It began in 1970 with the TOP 300 and since 1980 increased the list to 500. Each year since then it has added additional performance-related information such as profitability ratios and net interest margins, all of which has been acknowledged by everyone involved in bank credit analysis to be essential research in bank credit analysis to be essential research material. Our 1986 study will be published in the July issue of The Banker.

In addition this year The Banker will be publishing the historic ranking of the performance of every bank which has featured within the tables since 1970 in the August issue.

As the most used work of reference, by Central, Commercial, Savings and Investment banks and corporate treasurers in the field of bank credit analysis, these issues of The Banker offer an outstanding opportunity to advertise both corporate outstanding opportunity to advertise both corporate and balance sheet strength to the entire wholesale banking and treasury community throughout the 130 countries which The Banker reaches, by subscription, each month.

For full details of our circulation, readership and cost of advertising please contact:

The Marketing Director The Banker 102-108 Clerkenwell Road London ECIM 5SA Tel: 01-251 9321 Telex: 23700 FINBI G

### **COMPANY NEWS IN BRIEF**

RAINE INDUSTRIES says by the issue of 2,285,714 5p further to its announcement on March 5 that talks were in progress with a view to a possible per share. The investment progress with a view to a possible gress with a view to a possible gress with a view to a possible merger with a substantial pri-vale company engaged in build-a current annual rental income ing and contracting, the directors of Raine announce that the discussions are still continuing.

Although they are unable to say larged issued share capital of District the stage of the shares will result in CMD holding 29.2 per cent of the enat this stage wbether these will be concluded aatisfactory, they

ncement next month. nouncement next month.

I. D. and S. RIVLIN HOLDINGS says discussions have reached an advanced stage for the purchase of two investment properties and one development opportunity from City Merchant Developers for a total consideration of £1.6m to be satisfied and no previous strated and no pre

hope to make a further anrings) sharebolders approved at an extraordinary general meeting the offer to acquire the issued share capital of Coin

nary shares of 25p each to be issued pursuant to the offer. The offer remains subject to the other conditions set ont in the document dated May 21, The first closing date for acceptances is Wednesday.

LONGTON

ing philosophy then chances

are they have precious little industrial fit. Such is Tenby but

its shape has obviously been designed for the convenience of

BSR which is basically parcel-ling up some extraneous sub-

sidiaries that it has collected rather than investors. Some-thing like Bulpitt looks an interesting—and fast growing—

business but thero is a mature

operation or two within the group. But perhaps that could be said of most quoted companies. Anyway the market will probably concentrato its attention on Tenby, tho dominant accessories activity which should provide a good, though not full, recovery pushing the group as a whole

Holdings has considere Thomson F Line's announcement of its intention to make an offer is unsolicited and no previous

INDUSTRIAL

# EURGESS PRODUCTS (HOLD. for the company, The approach

# a Court, has raised its stake in Morgan Crucible. the engineering and electronics group, to 12.1 per cent.

# Hammerson Group

£100,000,000

**Sterling Commercial Paper Programme** 

MORGAN GUARANTY LTD

has been appointed as a dealer to the above programme.

This announcement appears as a matter of record only:

### Consolidated Gold Fields Finance PLC

£75,000,000

Guaranteed Floating Rate Notes 1995

unconditionally guaranteed by

#### Consolidated Gold Fields PLC

In accordance with the provisions of the Notes, notice is hereby given that, for the three months period, 5th June, 1986 to 5th September, 1986, the Notes will bear interest at the rate of 10 per cent, per annum. Coupon No. 6 will therefore be payable on 5th September, 1986 at £1,260,27 per coupon from Notes of £50,000 nominal and £126.03 per coupon from Notes of £5,000 cominal.

S. G. Warburg & Co. Ltd.



BANCO DI ROMA

U.S. \$150,000,000

Floating Rate Depositary Receipts due 1991

In accordance with the provisions of the Receipts, notice is hereby given that the rate of interest for the period from 9th June 1986 to 9th December 1986 has been established at 71/4, per cent. per annum. The Interest Payment Date will be 6th December 1986. Payment, which will amount to US\$ 3,717.19 per USS 100,000 Receipt, will be made upon presentation of the relative Receipt.

Bank of America International Limited

### FINANCIAL TIMES STOCK INDICES

	June 6	June . 6	June 4	Juno 3	June 2	May 30	1986 High Low	Since Compliation : High Low
Government Secs.	91.93	91.52	91.81	9t.73	91,73	\$1.50	94,51 : 80.39	127.4 49.16
Fixed Interest.	97,06	96,88	95,94	95.94	96.98	95,89	97,51 86.55	150.4 50,53
Ordinary	1536.9	1352 6	1320.5	1580.4	1316.4	1321,9	1435.9 : 1094.3	. 1425,9 49,4
Gold Mi 12.5	213,3	217.6	224,4	215.9	215.5	215,1	357.0 213.3	754.7 45.5
FT Act All Sharo .	794,30	793,90	789,31	789.80	787,18	788,92	852.39 864.42	, B32,39 61,93
F6.8E100	1611.9	1612,6	1601.4	1602,2	1596.6	1608.8	1717.6 ; 1370.1	1717.5 986.9

LADBROKE INDEX 1,342-1,348 (+5) Based on FT Index Tol: 01-427 4411

### **BankAmerica** Corporation

Telephone 01-621 1212

U.S. \$400, 000 Floating Rate Subordinated Capital Notes Due 1997 Holders of Notes of the above Issue are hereby notified that for the next Interest Sub-period from 9th June, 1986 to 9th July, 1986 the following will apply: 1. Interest Payment Date: 8th September, 1986

2. Rate of Interest for Sub-period: Interest Amount payable

74% per annum US \$302.08 for Sub-period: per US\$ 50,000 nominal

4. Accumulated interest US \$302.08 Amount payable: per US\$ 50,000 nominal 5. Next Interest Sub-period will be from

Aceni Bank Bank of America International Limited

9th July, 1986 to 11th August, 1986.

Price + ur

 $\mathfrak{f}_{\mathfrak{G}_{\mathbb{C}}^{k}, q_{\mathbb{C}_{\mathbb{C}}^{k}}}$ 

THE BANKER

ET ETOCKS

DING DIVIDENDS

### **UK COMPANY NEWS**

## Continuous Stationery falls deeper into red at £0.13m

STATIC SALES and a competitive reduction in margins of about 2 per cent are stated as the main reasons for the con-tinued lack of profitability at Continuous Stationery.

For the year to end-March 1986 tha company, a computer stationery printer, suffered increased pre-tax losses of £132,000 against £51,000. Turnover rose slightly from £4.01m

As an indication of their faith in the future and in the light of a healthy balance sheet, the directors, who ere sheet, the directors, who ere-waiving their rights to the divi-dend, are recommending a final payment of 0.45p, making a 0.9p total for tha year. Last year's total was 1.75p. Losses per 10p share this time in-creased to 1.88p (0.59p), after a tax credit of £38,000 (£21,000). Referring to the sound balance sheet, Mr W. H. East-wood, tha new chairman, says wood, the new chairman, says
that at the year end the company had no borrowings, and
since then it has maintained a
positive cash position.

Although the sales and investment policy in relation to
the evisting husiness can be
A resolution will be proposed.

the existing business can be A resolution will be proposed expected to expand the com- at the annual meeting to in-

**BOARD MEETINGS** 

The following companies have mutified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not such as to whether the dividends are interims or finels and the subdivisions shown below are best meeting of the subdivisions shown below are based mainly on less year's timetable.

pany, in order to secure a viable position in the market, the directors will also be giving serious consideration to acquisitions, he states. Following a review of existing activities, the company has closed its retail shop in White-chapel Road, London, and is to sell the freehold.

FUTURE DATES

creese the authorised share capital from £600,000 to £650,000. The adoption of a share option scheme as an incentive to senior management will also be proposed.

In April when the chairman, Mr G. C. Lansdown, retired the majority of the family share-holding, amounting to about 60 per cent of the issued share capital, was sold to about 60 new investors, two of whom have become involved in the full-time management of the

### **Contracts and Tenders**



# REPUBLIQUE ALGERIENNE DEMOCRATIQUE

ET POPULAIRE (Algerian Popular Domocratic Republic)

MINISTRY OF COMMERCE NATIONAL COMPANY FOR THE PROVISION OF FOODSTUFFS NOTICE OF INTERNATIONAL OPEN INVITATION TO TENDER NUMBER 14

An International Invitation to Tender is being launched for the supply of fresh pasteurised butter in 25kg blocks not.

Companies interested may obtain the specifications from the Algerian Embassy in their country of origin, from their own Embassy in Algeria, or from:

29 RUE LARBI BEN M'HIDI ALGIERS

This invitation to tender is intended solely for companies from the following countries: Australia, New Zealand, Argentina and Canada.

Offers should be sent in a double-sealed envelope, bearing no identification, and should read: "APPEL D'OFFRES INTERNATIONAL NO. 14 BEURRE FRAIS

The final date for receipt of Tenders is 30/6/1986. Tenderers shall be bound by their proposal for a period of 90 days with effect from the closing date of this notice.

### Barton doubled to £1.85m

Barton Groop, the holding company with interests in foundry and engineering work which is a member of Caparo Group, saw pre-tax profits doubled in 1985. On turnover down from £49.01m to £47.77m

taxable profit came out at £1.85m against £819,000.

With tax higher at £583,000 (£237,000) and extraordinary debits of £105,000 (£342,000)—being mainly redundancy costs earnings per share came out

Directors say the improve-ment in profit reflects improved efficiency and some recovery in the market. Further growth can

F.T. Share Information The following securities have

Information Services:

Asia Oil & Minerals (Section: Mines — Australians), Green (Ernest) & Partners Holdings (Industrials), RJR Nabisco (Americans).

U.S. \$150,000,000 Midland International Financial Services B.V. (Incorporated with Inhited Liability in the

**Guaranteed Floating** Rate Notes 1992 Guaranteed on a subordinated

Netherlandst

basis as to payment of principal (if any) and interest by Midland Bank pic



For the six months from 9th Jane, 1986 to 9th Decamber, 1986 the Notes will carry an interest rate of 71/2% per arrum. The interest payable on the relevant interest payment date, 9th December

1986 against Coupon No. 13 will be U.S. \$190.82 per U.S. \$5,000 Note. Agent Beek: Sucreety Trust Com of New York

Company Notices

SOLVAY & CIE

This advertisement complies with the requirements of the Council of The Stock Exchange. It does not constitute an offer of, or invation to subscribe for or purchase, any securities.

### **New Zealand**



U.S. \$100,000,000 73/4% Bonds Due 1990 and U.S. \$100,000,000 8% Bonds Due 1993

The following have agreed to subscribe or procure subscribers for the above Bonds:

**Credit Suisse First Boston Limited** 

**Banque Paribas Capital Markets Limited** 

Citicorp Investment Bank Limited

Commerzbank Aktiengesellschaft

**County Bank Limited** 

Deutsche Bank Capital Markets Limited

Kidder, Peabody International Limited

Merrill Lynch International & Co.

**Nomura International Limited** 

Orion Royal Bank Limited

**Salomon Brothers International Limited** 

Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited

S. G. Warburg & Co. Ltd.

Application has been made for the Bonds due 1990 and the Bonds due 1993, issued at 100½ per cent. and 99½ per cent. of their principal amount respectively, to be admitted to the Official List by the Council of The Stock Exchange. Interest will be payable annually in arrear on 18th June, the first payment being made on 18th June, 1987.

Particulars are available in the statistical services of Extel Statistical Services Limited. Copies of the particulars may be obtained in the form of an Extel Card during usual business hours on any weekday (Saturdays and public holidays excepted) from the Company Announcements Office of the Ouotations Department of The Stock Exchange, Throgmorton Street, London EC2, up to and including 11th June, 1986 or during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 23rd June, 1986 from:

Credit Suisse First Boston Limited, London EC2N 4BQ

Rowe & Pitman Ltd., London EC2M 2PA

40 Basinghall Street London EC2V 5DE

9th June, 1986

This advertisement is issued in compliance with the requirements of The Council of The Stock Exchange. It does not constitute an offer of, or invitation to the public to subscribe for, or to purchase, any securities. The securities referred to below have not been registered under the United States Securities Act of 1933 and may not be offered, sold or delivered directly or indirectly in the United States of America, its territories or possessions or to United States persons.

## General Motors Acceptance Corporation

(Incorporated in the state of New York, United States of America)

U.S. \$200,000,000 8½% Notes Due 1993

The following have agreed to purchase the Notes:

Merrill Lynch International & Co.

Credit Suisse First Boston Limited Morgan Stanley International Salomon Brothers International Limited

Deutsche Bank Capital Markets Limited Nomura International Limited Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited

Algemene Bank Nederland N.V. Bank Brussel Lambert N.V. Banque Générale du Luxembourg S.A. Commezzbank Aktiengesellschaft County Bank Limited

Crédit Lyonnais Daiwa Europe Limited Genossenschaftliche Zentralbank Aktiengesellschaft

Leu Securities Limited Manufacturers Hanover Limited The Nikko Securities Co., (Europe) Ltd.

Orion Royal Bank Limited Sumitomo Trust International Limited Bank of America International Limited Bankers Trust International Limited Banque Nationale de Paris

Dai-Ichi Kangyo International Limited Generale Bank

**IBJ** International Limited LTCB International Limited Mitsubishi Finance International Limited

Nippon Credit International (Hong Kong) Limited Société Générale

Westdeutsche Landesbank Girozentrale

Application has been made to the Council of The Stock Exchange for the Notes, in the denomination of U.S.\$5,000 each, with an issue price of 101 per cent., to be admitted to the Official List. Interest on the Notes is payable annually in arrears on 25 June, commencing on 25 June, 1987.

Listing particulars relating to the Notes and the Issuer are available in the statistical services of Extel Statistical Services Limited. Copies may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 11 June, 1986, from the Company Announcements Office of The Stock Exchange, London EC2 and up to and including 23 June, 1986 and are available from:

Cazenove & Co., 12, Tokenhouse Yard, London, EC2R 7AN.

Chemical Bank, 180, Strand, London, WC2R 1ET.

This announcement appears as a matter of record only

April 16, 1986



FF 400.000.000

### REPUBLIC OF FINLAND

7 <sup>3</sup>/<sub>4</sub> per cent Bonds due 1996

Issue Price: 100 1/2 per cent.

Application has been made to list the Bonds on the Luxembourg Stock Exchange.

The Bonds will initially be represented by a temporary certificate which will be deposited with a common depositary for Cedel S.A. and Euroclear on or about May 6th, 1986 which will be exchangeable for definitive Bonds on or about August 6, 1986.

Banque Nationale de Paris

Credit Suisse First Boston Limited

Dresdner Bank

Algemene Bank Nederland N.V. Banque Indosuez Citicorp Investment Bank Limited Crédit Lyonnais Deutsche Bank Capital Markets Goldman Sachs International Corp. Morgan Guaranty Ltd Postipankki Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited

Banque Bruxelles Lambert S.A. Caisse des Dépôts et Consignations Crédit Commercial de France **Daiwa Europe Limited EBC Amro Bank Limited** Kansallis Banking Group Morgan Stanley International Société Générale

Union Bank of Finland Ltd S.G. Warburg & Co. Ltd. An American industry is growing old ungracefully, reports Louise Kehoe

APPLE COMPUTER is 10 years clones in the US.
old. It is five years since IBM Even cheaper than brandentered the US personal computer market, and Lotus 1-2-3 or no-name computers. Titese has been around for four years. are either imported from the Already, the personal computer far East and sold through mail upon widely available standard industry is maturing, but like order, or assembled in the US parts — Intel microprocessors by a growing band of garage and a computer operation. other formerly high-growth, by a growing hand of garagehigh-leth husinesses, it is not style operations. Prices start at tem published by Microsoft.

The excitement and glamour "Price is now the major industry standard that is all too

The excitement and glamour with soaring sales growth. The US personal computer boom is over. What remains is an in-dustry that sells "commodity" of the consumer electronics

Sales growth has ground lo a halt. Last year sales were revenue service, agrees: "The flat at about \$15hn. This year. personal computer has become for the first time, sales have a commodity product, like for the first time, sales have declined. According to Infocorp, an industry research group, in March retail sales fell 15 per cent in volume and 25 per cent in value compared and whistles or technical

while demand for personal "We have to learn how to computers — from businesses and individuals — is holding up, personal computer prices are falling fast.

This is not so much a personal computer shimp as a personal computer industry profit slump. says Ken Water, president of Computerland, the largest US computer retailer with 600 a nonular consumer item by

the year.
IBM. the leading US personal

IBM. the leading computer maker, cut the positive files most popular models by 15 to 25 per cent last month. Since then, many of IBM's competitors have retaliated with matching price cuts.

The fall in prices has been indux of price cuts.

The fall in prices has been indux of price cuts.

The fall in prices has been computers outsold IBM for the first time. IBM's share of the US market has declined from about 65 per cent at the of 1985 to 45 per cent at the computers say. The fall in prices has been accelerated by an indux of first time. 18M's share or unchanged in the far East.

"clones" from the Far East.

"clones" from the Far East.

"machines, made in hegioning of 1985 to 45 per market researchers say. Singapore, mimic the leatures of IBM's personal computers and can use the same software.
Leading Edge, which sells clones made in Korea, has won about 5 per cent of the US

"Price is now the major of the early days of personal issue—price and compatibility easy to copy.

"IBM can compatible the company of the company of the copy."

"IBM can company the company of the copy."

Robert Dilworth, president of dustry that sells "commodity" of the consumer electronics products to a largely predefined company which has recently markel, two-thirds of which is won multi-million dollar connow reckoned to be replace- tracts to aupply IBM-compatible personal computers to the US mililary and the US internal

to a year ago.

While demand for personal "We have to learn how to

computer retailer with 600 a popular consumer item by franchised atores in the US and 200 abroad.

So far this year, prices have So far this year, prices have Apple Computer which domi-

fallen 20 per cent on average.
Some expect the decline will be 40 per cent by the end of the year.

IBM and Compaq, which sells higher priced IBM-compatible machines, still dominate the company to the leading HS personal.

cent, market researchers say. IBM will not comment on its market share and says its sales

imitators. Last month William Lowe, president of IBM entryabout 5 per cent of the Us Lowe, president of IBM entryretail personal computer market in less than a year. Its version of a basic IBM-lik2 PC costs \$500 less than the main compatible" with IBM's personal Computers. By speedtepson of Japan have also successfully sold clune PCs.

After this munth Computerland is expected to launch the computers, such as high resolution graphics or network comp land is expected to launch tion graphics or network com-another own-brand Korean-munications capabililes, 18M

computers enough to throw clone makers off track because

"IBM can only turn a few degrees at a time," says Egil Juliussen chairman of Future Computing, an industry analysis company. "They can make it rougher for competitors," he says. "But they cannot move away from the industry standard."

Middeal Arms of Chica and

Standard."

Michael Ares of Chips and Technologies, a Silicon Valley company that sells sets of chips to clone makers adds: "It took two years for clones of the original PC and PC XT models to appear, but only nine months before clone makers copied the PC AT. The competitive pace is quickening."

Compaq. the leading IBM-compatible manufacturer, will heat IBM to the market with a personal computer built around

personal computer built around Intel's latest microprocessor, the 386, he predicts. "The days when IBM owns the personal when 1BM owns the personal computer business are over."

Such hold assertions may be unwise. Picking a fight with the world's biggest computer company can lead to defeat— as many computer companies can testify. IBM will retain a few buyers, IBM placed a mora
"value added" in computer sales—as a way to increase profits.

But even quality dealers face a significant challenge in resolving the gulf between the fullservice, full-price, philosophy and the reality of winning bur
"value added" in computer personal computer sales—as a way to increase to date has made several false starts, will finally blossom.

He predicts a home computer boom by the end of the decade service, full-price, philosophy and the reality of winning bur-

It will, however, be difficult controlling share of the per-for IBM in change its personal computer market, industry sonal computer market, industry stores that sprung up during veterans believe, although it is the PC beom remains and con-unclear yet exactly how the solidation continues. company will assert itself.

IBM's chief weapon, however, been hou, will be automation. The IBM panles. I PC convertible a "lap top" tallers he portable unit introduced in the US last month, is to be manufactured on a robot-driven production line in Austin, Texas. Every step of the manufacturing process is automated, from receiving dock to shipping dock IBM is expected to apply its advanced manufacturing technology to all future PC pro-

An even more serious problem for IBM and other US computer manufacturers is the poor financial condition of the retailers that sell close to 70 per cent of PCs in the US. 1935 was a terrible year for computer retailers. Evidence of their financial distress can be seen on the high streets and in shopping mails throughout the Personal computer stores have been going out of business

Leading manufacturers are few buyers, IBM placed a mora-

by the dozen.

Still, the surfeit of computer

Some small store chains have been bought up by larger companles. But only the lucky re-tailers have an opportunity to

"My guess is that consolida-tion will take the form of stores going out of business, rather than stores heing bought," says Will Luden, pre-sident of Pactel Infosystems, the California Phone Company's retail computer and office systems marketing venture.

Severe competition among the 4,000 odd computer stores has led to fierce discounting of personal computer prices, leaving profit margins shaved dangerously thin.

been our own worst enemy. A different industry might have chosen to compete on quality, or service, but this industry has chosen to fight it out on price." Many are trying to transform themselves from "box pushers"

into "solution sellers" agreed that there are too many offer customers training, sup-computer stores chasing too port and a repair service—the port and a repair service—the "value added" in computer

**RETAIL SALES BY VALUE** 

SOURCE INFOCORF & FT

market research company. Ultimately, retailers look to the manufacturers for a solu-tion. What is needed, they say, is new technology that can expand the PC market. Ed Faber, chairman of Computerland and an industry veteran, looks for-ward to a new golden age in personal computing when the home computer market, which to date has made several false starts, will finally blossom.

cations to create such a hoom, he believes. "I want to be around when it happens." lenge.

IBM differs from many other manufacturers and retailers in

A S O N D J F M A M J J A S O N D J F M

In the business area, the in-tegration of personal computers create a major new growth market, IBM promises. Although only about 10 per cent of personal computers are configurations today, cormal computers are configurations. The computer of personal computers are configurations to an expension of the configuration of th into computer networks will of personal computers are con-nected to networks today, cor-porale users are ready. IBM

Says Ken Water: "We have ness on price, says William F. to see nour own worst enemy. A Zackmann, vice president of Indifferent industry might have ternational Data Corporation, a ternational Data Corporation, a ternational Data Corporation, a take naw home computer applications to learn face a significant challenge. instal and service such systems and event those who are willing to learn face a significant chal-

> believing the personal computer market is still driven by technology. But while it is becoming clear that technology may be porale users are ready. IBM helieves, to expand greatly the usefulness of personal computers by tieing them together.
>
> Yet few of today's computer to call it a mid life crisis.

# Sixth sense that helped Daewoo muscle in on IBM's market

THERE IS little surprise that a best-selling IBM etone personal computer is made in Korea. The surprise is that a Korean company, Daewoo Telecom, designed and engin-cered the machine, which is now sold in the US as the Leading Edge "Model D."

Korean electronics companies have excelled at low cost mannfacturing, but they have not established a reputation for design innovation.

remain strong,
JEM is not flattered by its Sales of the computer began to take off last autumn after Consumer Reports magazine dnhbed it a "best buy." Con-sumers are now taking them off store shelves faster than Leading Edge can supply them. Daewoo does not like to talk about exact sale figures, but Dataquest, the research company, estimated research company, estimated 1985 sales at 50,000 units, and predicts 80,000 naits this year. made clone, significantly in- aims to leave competitors creasing the distribution of hehind. Daewood says that is con-

puter was well accepted in market is not necessarily hecanse we produced any breakthrough in technology." says Mr Sung Kyou Park, executive vice-president of Daewoo Telecom. "We Daewoo Telecom. "We started purely from the

The idea for the computer came in early 1984, when sales of personal computers in the US sagged hadly. "My bellef was that the growth (of PC sales) bad slowed because new compulers were not really new. Users of cam-puters were becoming more and more educated about computers and knew what

they wanted." The main concept behind the computer was simple-to Pnt into a standard package features that users of IBM PCs and IBM clones were frequently paying bundreds of dollars to add on to their

Steven Butler on the challenge from Korea machines. Daewoo built into high resolution graphics capa-bility. In most computers these are availale only hy inserting expensive circuit boards into expansion slots in the computer.

Mr Park compares the packaging of features to the merging of several small commerging of several small com-panies, after which overhead costs can be reduced by man-agement redundancies. By combining the features, the number of components goes down, with more packaged into the mother board, or into the mother board, or main circuit board, Manufacturing economies then can be achieved, and extra distribution costs eliminated, substantially bringing down the final price.

The Model D retails for \$1495 in the US compared with \$2785 for the IBM PC without the expansion boards. Daewoo has easily underent

NEW ISSUE ...

the competing IBM clones as well, helped along by design improvements as well as Korea's low wage costs.

Mr Park says that Daewoo's relatively small size helped give the company enough flexibility to absorb new technology as it became availtechnology as it became available. Daewoo began the design process intending in use 64 kilobyte dynamic access memory chips, as IBM does in its PCs. Halfway through it became apparent that 256K dram chips would be available as conficient. be available at sufficient volume at a low price, and that made it possible to reduce the size of the circuit

Daewoo listened to the widespread criticism of the IBM keyboard and put in oversized return and other keys. Leading Edge provided advice on the keyboard nearly

a year after the computer's

design began, and Daewoo was able to respond. It is difficult to change

things in a large ontit like IBM," says Mr Park. IBM has redesigned the keyboard for its new AT computer but hasn't changed the keyboard for the original C.

The computer is not the result of any sophisticated study of the market. Mr Park went to the US ten times

himself and spent some of his time talking with computer dealers. "Once you get inside something, and go very deeply into it, you develop a sixth sense," he says. Memory capacity is expanded from the standard 256K to 640K by inserting two

small memory chips into the mother board instead of add-ing on whole circuit boards into expansion slots. That leaves the four expansion slots available to accept a variety of accessory boards. The result is a machine that

97 37 6

does nothing an IBM PC cannot do, hat it does it for far less money, using newer technology, in a creatively re-designed package that has won positive reviews in the specialist press.

Mr Park admits that the

Daewoo machine has succeeded in part because of the changes among compuler buyers. Computers have become more of a commodily product, with hrand loyalty less important than features and cost. While that helped Daewoo make a name quickly,

it could push it out of the market Just as fast, Mr Park does not think that wilt happen to the Model D will happen to the Model Is for a few years, but he is not taking any chances. Daewo has another computer that has now gone through the development stage. Mr Park says the company has not deelded when to start production, and he's saying nothing about what the machine will look like. look like.

MAY, 1986

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Crass in go

NEW ISSUE

These Notes having been sold, this announcement appears as a matter of record only.

MAY, 1986



US\$100,000,000

## Emerson Electric Co.

71/8% Notes Due 1998

Issue Price 1013/87%

IB] International Limited

Goldman Sachs International Corp. The Nikko Securities Co., (Europe) Ltd.

Algemene Bank Nederland N.V.

Bank of Tokyo International Limited

Banque Paribas Capital Markets Limited

Daiwa Europe Limited

Dresdner Bank Aktiengesellschaft

Fuji International Finance Limited

First Chicago Limited

Kleinwort, Benson Limited

Merrill Lynch Capital Markets

Mitsubishi Finance International Limited

Mitsui Finance International Limited

Nomura International Limited

Sumitomo Finance International

These Bonds having been sold, this announcement appears as a matter of record only.

DE MATÈRIEL FERROVIAIRE

Japanese Yen 10,000,000,000

55/s per cent. Bonds due 1993

Issue Price: 101% per cent.

**IBJ** International Limited

Chuo Trust Asia Limited

Swiss Bank Corporation International Limited

Bank of Tokyo International Limited

Berliner Handels- und Frankfurter Bank

Credit Suisse First Boston Limited

**EBC Amro Bank Limited** Istituto Bancario San Paclo di Torino

LTCB International Limited

Mitsubishi Finance International Limited

Nomura International Limited

Sumitomo Finance International

Banque Bruxelles Lambert S.A.

Crédit Commercial de France

Daiwa Europe Limited

Fuji International Finance Limited Kleinwort, Benson Limited

Merrill Lynch Capital Markets

The Nikko Securities Co., (Europe) Ltd.

Société Générale

S.G. Warburg & Co. Ltd.

Yamaichi International (Europe) Limited

BY WILLIAM HALL IN NEW YORK

48, is to take over on Dec the company in 1970 as general ago the group earned \$250.7m ember 1 as chairman and chief executive of the New York-based American Home Proto to be more acquisition-minded on Wall Street.

The company spent a record earnings every year for the last 33 years, and is regarded by Wall Street analysts as one of the most successful pharmaof the most successful pharma- of consumer products which ceutical and consumer products range from prescription hypergroups in the world.

Anneay June 3 16

Mr Stafford, who has been groomed for the job ever

MR JOHN F. STAFFORD, aged mittee. Mr Stafford, who joined the last two decades. Ten years

than his predecessor.

The 60-year-old company is repowned for being a cost conscious marketer of hundreds new drug applications and 48 of consumer products which range from prescription hypertension drugs such as Indaral to painkillers like Anadin and bousehold products like Brach's candy and Easy-Off over care with the Weshington level.

groomed for the job ever since he took over as president in 1981, succeeds Mr John W. Cleaner, Last year the company firm of Steptoe & Johnson Culligan, aged 69, who has headed the company since 1981 and the company since 1981 and will stay on the board as chairman of the executive combas were area on shereholders' equity 1980's. In 1970 he joined has averaged 30 per cent over American Home Products.

## Morton Thiokol re-instatements

McDonald is also to be e director of the company task force charged with re-designing testing and qualification of future booster rockets, and Mr Boisjoly the seals.

Both Mr McDonald and Mr Boisplay the engineers' recommendations egainst the shuttle launch were re-assigned, and a third mana-

MORTON THIOKOL, the Boisjoly testified before the Chicago-based aerospace group Presidential Commission, the involved in the Challenger report of which is to be published today, that there were old jobs two engineers earlier serious problems with the rocket seals and said they urged a post-ponement of the fatal Jannary 28 Challenger launch. They were however, over-ruled. The two engineers also Challenger launch. They were however, over-ruled. The two engineers also claimed later that Thiokol had penallsed them by transferring their jobs after their public testimony—Mr William Rogers, chalrman of the commission, termed that revelation "shock-ing although Thiokol sharply denied the allegation. The two engineers will now play a key role in working to redesign the booster rockets, and Mr Boisjoly is elso to work on re-designing the seals.

Morton Thiokol has also reshuffled space division managers involved in the launch decision.

Two officials who over-inled the signings the seals.

sion retired. The three are Mr James Kilminster, vice president of the group's space booster programme, who aighed the launch authorisation over of the Wassatch spece division; and Mr Jeral Mason, senior vice-president of operations in the division who is taking early re-

Mr Carver Kennedy ThioRol vice-president in charge of space operations at Kennedy Space Operations at Reinley
Space Center, Cape Canaveral,
Florida, will succeed Mr Kilminster. Successors were not
named for Mr Wiggins and Mr Mason's jobs. A fourth senior executive, Mr. Robert Lund, inwill retain his job as vice president, engineering. His responsibilitities were reduced

### Crawford takes top job at Imasco

BY ROBERT GIBBENS IN MONTREAL

Into a diversified consumer products group with the resources to take over Genstar Corporation, the financial services build-ing materials and real estate concern, for C\$2,6bn (US\$1.9bn) hairman until be retires next

MR PURDY CRAWFORD, 54, a former Toronio corporation lawyer, appointed president and in a current equity issue by leading place in the Canadian in a current equity issue by leading place in the Canadian in a current equity issue by leading place in the Canadian in a current equity issue by leading place in the Canadian in account to just over 40 per cent.

Mr Crawford has been a director of Imasco for more than a decade and a member of the executive committee for seven years. He has been a major contributor to its diversimation from e tobacco products manufacturer into a diversified consumer pro-

seven years. He has been a major contributor to its diversification policy. Born in Nova Scotla, he hold degrees from Dalhousie University and Harvard and was senior partitie in the Toronto law firm of Osler, Hoskin and Harcourt before moving to Montreal in 1984.

The Company has kept up an inverse from the Nova form in Nova 20 feer cent and its fourth leg is now financial services through Canada Trust, Canada's seventh-largest financial intitution. Canada Trust will be the only part of Genstar that in the company has kept up an inverse from the company has kept up and inverse from the company has kept up an inverse from the company has a com on, the mancial services build—

materials and real estate the Toronto law firm of Osler, for C\$2.6bn (US\$1.9bn) Hoskin and Harcourt before this spring, will continue as moving to Montreal in 1984. Intasco will retain, and its internal until be retires next oring at 65.

BAT Industries of the UK joined Imasco when it was seenor parmer in seventh-largest mancial institution. Canada Trust will be the toronto law firm of Osler, the control only part of Genstar that lineasco will retain, and its building materials, waste financial institution. Canada Trust will be the control of Osler, the control of the control of Osler, the control

### Kyowa Bank plans changed leadership roles

based commercial bank, plans to promote Mr Kosuke Yokote, vice prezident, to president, succession to Mr Tetsuo Yamanaka, reports Kyodo. A formal decision is expected at

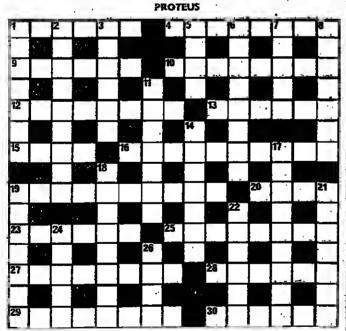
KYOWA BANK, the Tokyo- Mr Yamanaka is proposed as been elected President based commercial bank, plans chairman, and the current Japan's Federation of Econo chairman, Mr Yoshiaki Irobe, 74, as an adviser. Mr Yokôte joined the bank in 1953 and bas been vice presi-

formal decision is expected at a board meeting after a general meeting of stockholders on June 27.

Japan's Federation of Economic Organisations (Keidanren), reports Kyodo from Tokyo.

Mr Saito, 74, who has been a vice president of Keidanren since 1980, takes over from Mr Yosbihiro Inayama, who held the post for three consecutive terms over a six-year period,

#### F.T. CROSSWORD PUZZLE No. 6,042



#### **ACROSS**

4

- 1 Ambassador for example entering behind schedule (6) 4 Most mean to be superlatively drunk (8)

- first promotion (10)
- 20 Tree to be seen in Canada certainly (4)
- 23 Spotted southern bird in journalist's clutch (6) 25 Beaten and covered with
- sticky paste (8) 27 Source of trouble in washing
- machine? (8)
- begging (8) 30 In the case of Stevenson,

the night before the bigb

- 1 Club chief has a point (7)
  2 Soldier managed to put
  donation on chandelier (9)
  3 Distorts yarns (6)
  5 Claim amount in part from

- stively drunk (8)

  9 Fearing a strong ettack (6)
  10 He will excuse ona for having finished with fish-round
  (8)

  12 That which is given to actor in love perhaps (3)
  13 Taken all round some prefer it neat (6)
  15 Cross over entrance (4)
  16 Object to worker's religious persuasion (10)
  19 Would rather males took first promotion (10)

  5 Claim amount in part from Mohammedan leader (4)
  6 This done perhaps he puts pleasure first (8)
  7 Weariness due to some unforeseen nuisance (5)
  8 Stream of rubbish about hire-charge (7)
  11 Try turning outside concerts into organised massacres (7)
  12 Note rejected by Scot—one of the old school? (7)
  13 Have discussion about Christian love with leading villain (4, 5)
  - villain (4, 5) 18 Banish soldier-deputy (8) 19 Quietly refer to courchman
  - 21 Put right or get changed
  - (7) 22 Way to open fire in contest
- 24 Indicate that which is 28 Dickensian often heard on commercial television (6)
  29 Have meel in lane whilst crowd (4)
  - crowd (4) The solution to last Saturday's prize puzzle will be published with names of winners next

#### Lead changes at Clark Equipment By Our Financial Staff

CLARK EQUIPMENT Com-pany, the South Bend, Indiana-based concern that includes based concern that includes being the leading US manufacturer of forklift trucks in its construction equipment and other business, has elected Mr Leo J. McKernan, 48, chief executive on the resignation from this post and that of chairman of Mr James R. Ribebart, 55.

Mr McKernan remains president, a post he took up in February alongside the chief operating officer's role ba assumed in 1984. The office of chairman is put aside, in what the company describes as "further simplification of the management structure." The

management structure." The over meetings of the board.

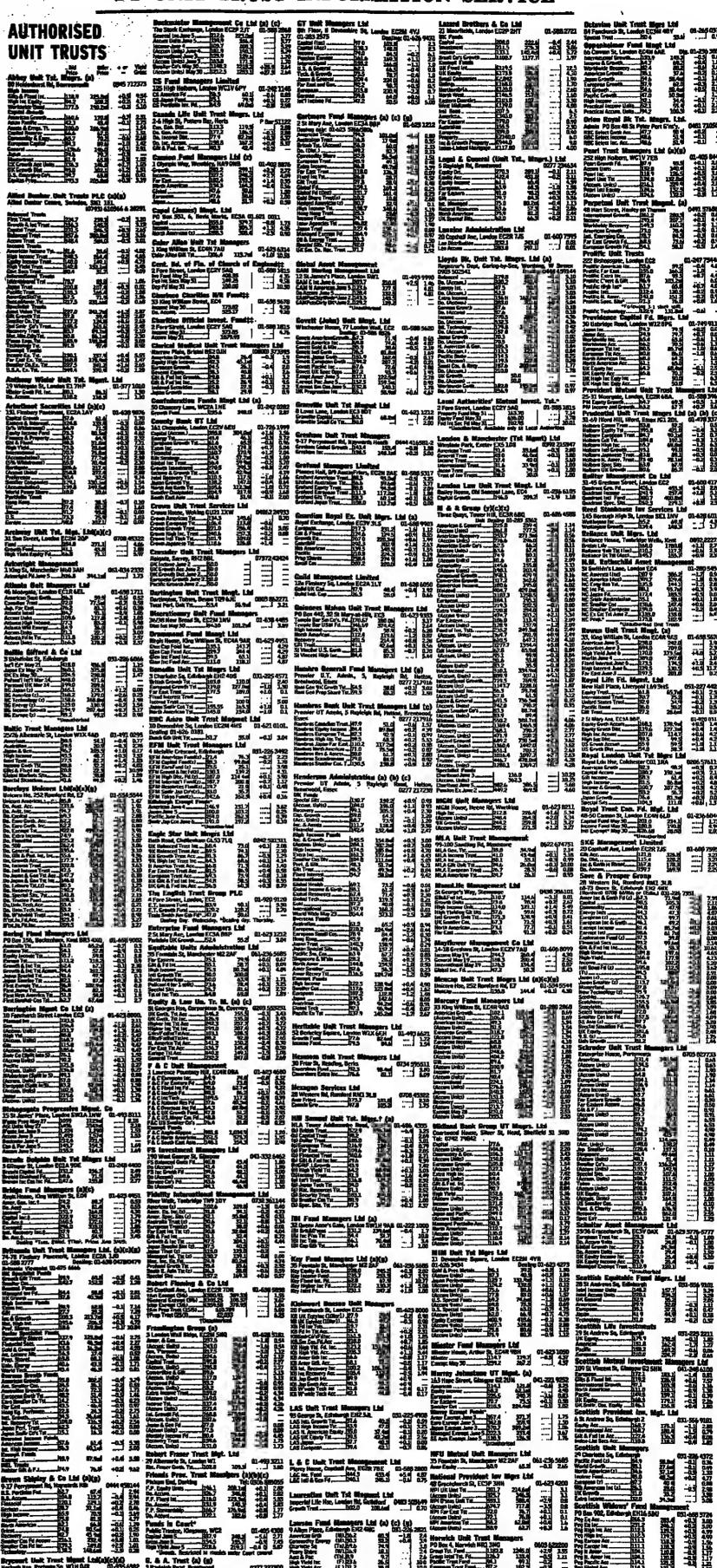
Clark best more lately announced an agreement to manufacture its main line of small and medium-sized trucks et Samsun, the South Korean industrial concern—implementing a decision to move some production abroad struck a few months ago.

Australia Wool Council MR HUGH BEGGS has been elected president of the Wool Council of Australia Mr Beggs, 47. succeeds Mr Neville Gor-man, who has retired on bealth grounds,

#### ireland £100,000,000 Floating Rate Notes 1996

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three months period 8th June, 1986 to 8th September, 1986 has been fixed at 9% per cert per semum. Coupen No. 7 will therefore be physible at £1,255.47 per coupen from 8th September, 1998. ual Montagu & Co Limited

### FT UNIT TRUST INFORMATION SERVICE



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32 BRITISH FUNOS	i AMERICANS—Cont.			Financial  ENGINEERING—Continued	Times Monday June 9 1986
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7 Nov 7 May Treat 10 ar Cs 1992:: 1875 Lt 9 76 881  5 Feb 25 Angleich 12 ar 29 115 L20 1 10.63 9.03  22 Mar 22 Senic us 13 ar 1992 121 1132 1 116 9.03  150ct 15 Angleich 12 ar 1993 105 L 9 46 8.86  14 Jan 14 Jahring 12 ar 1993: 1175 L 10 601 9.04	Mar Jun S Ditt Imm. 51 15 105(15.5) 60d = 134	Most Addition (101) 11   11   12   13   14   17   17   17   17   17   17   18   18	770 5781 1171	July Markshitt Precision 59 . 29 10.2 1.79 22 3.116.6 May No. 10. 10. 10. 10. 10. 10. 10. 10. 10. 10	Agrel Bestyonel 59 435 44 6.0 2.9 1.92-1.  Rier Jame Bibly (J.) 550 123 1 75.67 2.5 35 14.3  Oct. May Eldele Hiller. 127 19 44 3.53 2.1 4.6 12.3  Agr Collekte Arrow 50 16 41 74 2.70 3.71 13.4  Agr Collekte Arrow 50 16 41 74 2.70 3.71 13.4  Agr Collekte CP1 Hiller 200 2.0 1.1 12.2 1.5 (0.922.7  April 9-Backed Tory 10 19 19 19 1.7 13.3 5 4 2.6 4  April 9-Backed Tory 10 19 19 19 1.7 13.3 5 4 2.6 4
1548ar 1556af undern der. 1993ct   414ar 2   6.58 7 c0	Mar Jim S   Di Louverson Lanci 50   15   194,6027 5   \$1,00   134   136   136   137   13	Mark   Februar & Optimide   156 1271   5-5 20   5.9121   Mon.   Markotter   Apr.   Decl.   Apr.   Decl.   Mon.	100 105 h44 024 - 23 -	Apr. Oc. Heatter 50p 200 10.2	Har Octoor Fel. W 10p 35 11 10.8 37 2.4 15.9 Jan. Johnson Hecken H. 343 120 1.7 4.914.9 Hay Northeant Heavy 50p 280 12.5 6.0 3 3 - 3 - 3 - 3 - 3 - 3 - 3 - 3 - 3 -
1860   184a   50 ° 90 ° 95   79,225 3   3,83   6,23     21	La Ap Jy DodPHH	How   Bary Handers   Hidgs   272   14 4 8.1 2.3 3.9 1.6   Dec   July Bourston     Oct   Mariffacton   126   10.3 3.7 1.3 4.3 24.9   Jan   1948-risks     Adv.   Dec   Marylady Halls   128   128   128   129   129   129     Adv.   Dec   Marylady Halls   129   129   129   129   129   129     Adv.   Dec   Marylady Halls   129   129   129   129   129   129     Adv.   Dec   Marylady Halls   129   129   129   129   129   129   129     Adv.   Dec   Marylady Halls   129   129   129   129   129   129     Adv.   Dec   Marylady Halls   129   129   129   129   129   129     Adv.   Dec   Marylady Halls   129   129   129   129   129   129     Adv.   Dec   Marylady Halls   129   129   129   129   129   129     Adv.   Dec   Marylady Halls   129   129   129   129   129     Adv.   Dec   Marylady Halls   129   129   129   129   129   129     Adv.   Dec   Marylady Halls   129	pe 10p	- Johnson & Firth 10p 36 1281 B +	- Bridgend Group 10p . 47m26 0.35 ♦ 1.0 ♦
LAP 1 LOCARCEMENT SC 1705-96 83-42-2.2 158: 504 15May 15NovCommercian (Doc 1706	F Apr Au N-PUNberry  33,428 4   51.72   2.1   1   1   1   2   1   2   2   2   3   4   5   1   5   4   5   4   5   4   5   4   5   5	December   Marker (Saler) LOp   28   28.4   41.0   - 2.7   - 5	Profess 248 125 M25 4.4 1.5228 213 27.1 e15 4.9 10 28.1 700 209 95 5.11 135 7.8 20 7.9 105 106 105 106 127 1 4 56 1.217.8	Agr Ocient Notings	Feb Segif-First, Education 225 27.1 0.0 2.5 4.811.3 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0
19 Jul 19 Janiferds 94ge 1990 383743321 9 39 9 230 1800 184ay(Treas 64ge 1995-9882 3854253 1 7 898 8.73 3084ay 3086ay(Each 12ac 1998 119944 4 10 07 9 27 185ab 185ab/Treas 94ac 1999 119944 4 10 07 9 27	Robert Inds Inc 51	Feb.   Oct   Process   90   12.8   3.0   4.7	Wrees, 500. 466 182 49.5 24 2.0 10.7 gr Elec. 240 1.4 7.45 22 4.434.8 gr Elec. 440 520 4.434.8	December   19   12   13   14   15   15   15   15   15   15   15	Oct.         Mar Dimensi (Mers)         48         12.5         3.0         17         8.8         9.5           Apr.         Dec Borndene 15p         S1         1.4         1.5         1.9         4.137.6           Apr.         Dec Borndene 15p         S1         24.2         2.10.9         3.5         2.910.6           Apr.         Feb Borns Ambra 15p         76         53.12         2.7         1.7         5.016.8           Feb         SeptCH Inductor 10p         70         14.4         1.2.3         3.2         4.210.3           Feb         SeptCH Inductor 10p         32         27.12         1.2.1         2.3         3.6/15.8
1986   1984   1987   1994	Ma Ju Se DeoTriW Inc 514   64% 5   \$3.001   3.1   1.5	Jan Std./Rediand	to 130 1 109 7.5 1.5 10.8 50 6.5 1.5 10.8 50 6.5 1.5 10.8 50 6.5 1.5 10.8 50 6.5 1.5 10.8 50 6.5 1.5 10.8 50 6.5 1.5 1.5 10.8 50 6.5 1.5 1.5 10.8 50 6.5 1.5 1.5 10.8 50 6.5 1.5 1.5 10.8 50 6.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1	October Seegreed 34 16-9 0.1 15 0.410.7 0ct May New York 179 28-4 7.0 2.1 5 0.410.7 0ct May New York 179 28-4 7.0 2.1 5 5.877.9 10.4 0ct May New York 179 28-4 7.0 2.1 5 5.877.9 10.4 0ct May New York 179 28-4 7.0 2.1 5 5.13.8 0ct May New York 179 28-4 10.5 40.7 4.3 0.8 40.8 10.9 10.5 40.7 4.3 0.8 40.8 10.9 10.5 40.7 4.3 0.8 40.8 10.9 10.5 40.7 4.3 0.8 40.8 10.9 10.5 40.7 4.3 0.8 40.8 10.9 10.5 40.7 4.3 0.8 40.8 10.9 10.9 10.9 10.9 10.9 10.9 10.9 10.9	Lety   Dec   VCSR AS1   142   24.11   01.00   5.5   0
Gver Fifteen Years   22Ntos ZZMayltress 16s; 98-01   132;   15 4   10 5d   9.37   106eb 104aylconer-son 9\text{kir. 2001}   105bi.   9.25   9.09   22.bi.   2	3a Au Ja Oct   7am   23 dt   51 a6   41   51 a6   42   62   64   64   64   64   64   6	Acr. Segliscia Group	one 10p 312 10.2 12.971 3.6 1.3 28.5	October Porter Charl. 20p	Jun   May Cape Industries   98   9-4   15-56   2.6   314-80     Oct.
### 255-00   1055-121   9.24   910   ### 255-01   765-020   1055-121   9.24   910   ### 255-01   765-020   1055-121   9.24   910   ### 255-01   765-020   1076-121   9.25   9.07   ### 255-01   765-020   1076-121   9.25   9.17   ### 255-02   765-020   1076-121   9.25   9.17   ### 255-02   765-020   1076-020   1074-021   9.25   9.17   9.25   ### 255-02   765-020   1076-020   1076-020   9.17   9.25   ### 255-02   765-020   1076-020   1076-020   9.17   9.25   ### 255-02   765-020   1076-020   1076-020   1076-020   1076-020   ### 255-02   765-020   1076-020   1	Mi Ji Se DeetWoolworth S312 291/04111 \$2.24 15.2 CANADIANS  Washes Energy Corp 25p 1 1 1 1 1 1 _	Apr Decivitar Morries 95 2.4 rd2.5 1.5 6.7114.4 April 0rd. Date Decimaters 1 June 0rd. Traber Woodroom 5648 28.4 17.25/2.4 3.411.9 June Decimaters 1 June 0rd. Traber Group 150 12.5 5 2.6 5.011.0 Feb 4rd. Decimaters 1 June Nov. Trave 5 Arrord 405 28.4 8.52 9 30 9 Feb 4rd. Decimaters 1 June	ct. 10p 72 24.2 45.0.7 1.9425.0 10c.5c 02.25d \$ 87.1 \$ (6c.5c 02.25d \$ 87.1 \$ (6c.5c 02.25d \$ 1.7124.4	January   Revold   45   25.11   42.01 3.1   3.3(16.2)     July   Hot Richards (Hees.)   75   12.5   3.01   5.4   5.4     Gaberson (Mas.)   320   4782   -	Jas   Joh Churter Core 2a
10 Apr 18 Onlicowerson 91 pt 2005 103 12 3 : 916 9 07 18 Apr 18 Onlicow 91 pt 2005 12 12 12 9 30 9 90 21 May 21 Northrest 12 pt 2003 05 125 14 4 9 72 917 34pr 50ct 77cm 8 oc 2003 05 125 14 4 9 73 917 15 44pr 15 Northrest 2006 105 pt 91 92 1 92 1 92 1 92 1 92 1 92 1 92 1	Fb My Ag Nr/St. Montreal	June 1 Fryson (Cast 110s 32 35	& M. 109 42 14.4 tb1.4 22 4.71.3 4 Henr 50 40 14.4 73 40 1230.3 50 174626 12.8 43 2.21.2 Electro 50 140 14.4 12.2 44 2.210.9	Apr. 0ct Santh This Spring 125   123   12   431   12   13   13   14   13   14   15   15   15   15   15   15   15	April Oct   Clea Insts. 10p   114   10.3   43.3   1.5   4.0   23.3
22.0y 22.0ultress 11 upc 2003-07	Fe My Ae NoCan Imp Bit \$2   857g   1.4   MS1 04   50     July Jun (Can Pacific II   879g   1.4   MS6   2   2     July Jun (Do. 4ge Ceb £100   399g/11.11   44   10.   Ju Sa Dec Mar MCCho Ban Mare   925g   20d   1.0     Colden Sceptre Res   425g     42	Surf   Nettern Ben	to Proce So. 80 1— R16 42 3 39113 10 10 10 10 10 10 10 10 10 10 10 10 10	Jan   July  Spear & Jardson   250   10.11   496.07   2.1   3.0014.8     July   Spearce Clark 200   16.8   13.1   43.0   2.6   2.6     May Spirar-Sarco   186   14.4   43.0   2.1   43.12     July Starcky 186. 0.   548   25.1   115.5   2.1   43.12     Souther & Fre C.   1   1.00   1.00     Mar.   Sept. TACE 10p   518   10.2   1.00   2.8   1.00     May Crif Group Et   52.0   10.3   3.07   2.8   3.517.0     July Starcky 186. 0.   518   1.00   1.00     May Crif Group Et   52.0   10.3   3.07   2.8   3.517.0     July Starcky 186. 0.   1.00   1.00     July Starcky 186. 0.   1.00   1.00     July Starcky 186. 0.   1.00   1.00     July Starcky 186. 0.   1.00     July Star	Jan July Constit — 94 9,121 12.73 2.21 4.214.4 May ModCountrier Page 20p. 395 1.4 155 3.1 3.1 12.2 Mar. Oct Constit Co
1Feb   1Amy(Consets 4pc   451e/27 121   8 8el   1	WG1 Pache Ret   17/ps   52   14   18   18   18   18   18   18   18	CHEMICALS, PLASTICS  Non Applicate FL20	109	May   Oc  Ti Grano EL   556   10.3   13.0   2.0   3.5  T.0     May   Oc  Telos 200   88   1.4   2.76   2.1   4.4  2.2     Fek   Sept   Tex Hotp   100   110   73.2   4.25   2.6   4.6  4.1     Thyleca Drail	Apr   Month   So
10cifress, 21,60	Jan Ag J 8   Inco Em J	Feb Aug 67 P 10s	Warrea   15642.6   227 \ \text{\psi}   36 \ \phi \ \text{\psi} \ \text{ery 10p}   428   242   105 2.1   32784.1   105 2.1   3784.1   105 \ \text{erg}   132   25.11   \text{\psi} \text{\psi} \text{2.5}   1.7   111.4   1.6 \ \text{\psi} \ps	Nov.   May   Vockers C1	Sept. Mar. Park 100
24Mar 24Sen Do. 24,or '01 1308,81 1071-17 2 3 21 3.46 2000 2000 2000 30 51,or '03 110,07 1 100-11 2 3 17 3.37 191a 191b Do. 25,or '05 1224,11 1077-13 13 13 3.15 3.35 2000 2000,7 05 25,or '07 1310 71 1077-14 4 3 13 3.37 2 25 50 25 25 60 25 25 7 13 13 27 1 25 50 25 25 60 25 7 13 13 27 1 25 60 25 25 60 25 7 1 25 7 1 25 7 1 25 7 1 25 7 1 25 7 1 25 7 1 25 7 1 25 7 1 25 7 1 25 7 1 25 7 1 25 7 1 25	No. 10 Se Defform 86 Can	Feb. July Coates Group	Free 10p 28 11 3 20.4 - 3 - 14 4 M 10p 210 125 225 4 1.4 4 & 6 Cost 10c. 265 412 125c 78 064225 root 225 242 170 31 44 95	Nor May West Group	Apr. 100 W 100 W 100 100 100 100 100 100 100
to be britished Black to the to be between a sent between	Prince and Not Cwi Gran Prince	Angest   Februar Grass   45   15.7   11.85   18   5.8   15.2     Decreaser   Holari-     Max	detries 10p : 107   271   30 3.9   3.910.6   3.954.0.50   30   - 6054.0.36   4.0 6.9	November Wood (S.W.) 20p 39 16-9 2d1.0 = 3.7 5.9 Oct JulyWW1958na 12-p 82 10.5 25-21 4.312-9 September Wyodian Grp. 15p 72-97 (1.87 3.1 3.612-9 10.5 22.4 401.0 22 24.90.9	Section   Sect
1986; 385.3.  INT. BANK AND O'SEAS  GOVT STERLING ISSUES  4.2m 4.3midatum 0.88 1114 7000 1114 444   9.44 9.54	December   Assistance   H   1a	Mt Ju Se Debesodes Incl	78 25 11 10 7 28 4.0126 205:126 +40 30 2.4195 59 215 - 81.0 6.5 1.020.7	F000, GROCERIES, ETC  Maris belaStid 457 Gross 166 13.1 " 12.75 29" 2.713.1  Jan Julyanine Sait 100	September 940/25   2251/245   5/03074   27   4   7.3   4   11/25   11/25   5/03074   4   7.3   4   11/25   5/03074   4   7.3   4   11/25   5/03074   4   7.3   4   11/25   5/03074   4   7.3   4   11/25   5/03074   4   7.3   4   11/25   5/03074   4   7.3   7.3   4   7.3
28.1m 28.0h/destrain 13/mc 2010 132-13.1.1 10.21 995 26.0pr 26.0rd 0s. 11 4octor/215 115-27.3 9.88 9.79 25.0m 27.5m 0s. 11 4octor/215 125-27.3 9.88 9.79 22.0m 27.5m 0s. 10 10 5octor/04 117-15-28 9.82 9.45 22.0m 27.0m 0s. 10 5octor/04 117-15-28 9.82 9.45 81.3m 28.0m 0s. 10 10 5octor/04 123-15-28 9.82 9.45	Name   June   Barrie   Scottand E.L.   June   188.4   14.0   32   5   18.6     Oct   April Group E.L.   463   18.6   37   5 4 6.7     June   Angli Group   State   18.7   5 4 6.7     June   June   State   18.7   18.7     June	Felt. Aury Do. Set Pl. 1	re let 10p. 87 28.4 10 1.4 50 20.0 m bet 10p. 35 15.7 15.3 14 15.4 2.1 10p. 318 1.4 3.0 4.3 1.3 24.6 15.4 2.1 10p. 318 1.4 3.0 4.3 1.3 24.6 15.4 2.1 10p. 318 1.4 3.0 4.3 1.3 24.6 15.4 2.5 1.5 2.5 2.5 2.5 2.5 2.5 2.5 2.5 2.5 2.5 2	Apr. April Strates Co. 200 2016 5 1327 20 42165 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	July Jun Ersteine Honce
15 May 15 Nov 10, 94pc.tn 2015	June Montchee Grecomit 20s 99 28.10 432.5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	February Perstury AO 8°SA10   E18 12 2144/54   67   500   50		Feb. Sepi Battey; 10n	Hov
######################################	February   First Not. Fet 10s   194 13.1   \$2.8 4.4   2011.1   \$3.5   \$4.5   \$7.9   \$1.5   \$1	Apr   Roy   Scott   Agric   Fros   1.1   288   24.2   19.5   9.4     October   April   A	10k 18	Amy Golfachtury Schwenpes 17A 103 9.1.4 9.1.6 4.8 19.0 4.	Aug. Jan Femer (J. H)
20 May 20 Nor/Bernaryton UStor 1989 122/5[84   2702 976   1127/5[84   2702 976   1127/5[84   2702 976   1127/5[84   2702 976   12.65   10.02   12.65   10.02   12.65   10.02   12.65   10.02   12.65   10.02   10.	Jan	May Nutritobresholme Roll 180 14.4 775 12 6.119.4 May Septimber May May Septimber May May Septimber May May Septimber May	Elect	Hay Uct 10, W N-V 20, 10, 10, 10, 10, 10, 10, 10, 10, 10, 1	Ady FebFrench (They 180, 10
18gr   10c Leed; 13go 2006   1321-103   1014   978   1124   11077   1126   11064   105   1587   1126   11064   105   105   106   1077   1126   11064   105   106   106   1077   1126   1126   106   1077   1126	Seot   Agrillands 11	Aug   FeldAteon 100	E/cc So	Feb-Sept Rep Corp 56 - 2886277 1 15.8 1.9 3.6478   Feb-Sept Rep Corp 56 - 28 4733 - 3 2.7 22.7   Feb Sept Rep Corp 56 24.2 3.9 2.3 2.7 22.7   Feb Sept Rep Corp 56 24.2 3.9 2.3 12.4 2.7   Feb Sept Rep Corp 56 24.2 3.9 2.3 12.4 2.7   Feb Sept Rep Corp 56 24.2 3.9 2.3 12.4 2.7   Feb Sept Rep Corp 56 24.2   Feb S	John         Jan. ER (Hitter)         305         12.5         7.0         3.9         3.210.3           Apr. Sept. Evaluary         148         27.1         3.5         7.2         1.9         5.5           Jacobicove         160         17.1         3.5         7.2         1.9         5.5           Jacobicove         160         17.1         3.2         1.0         3.2         1.0         2.3         1.4         2.4         1.0         3.1         1.0         2.4         1.0         3.2         1.0         2.4         1.0         3.2         1.0         2.4         1.0         3.2         1.2         2.7         1.0         2.0
COMMONWEALTH & AFRICAN LOANS  Lian line 27 agr 1999 72	Section   Dec   Max Hord, Bh. 651   273   36   1027 5d 3.3   4.9 6.2     Aug	Jun   Del'Appress	139 - 125 60 27 86 179 9 12 11.27 48 15195 170 9 22 17 23614 170 22 17 23614 170 22 144 11 17 53135	Oct. Ap. (Class Glover Se. 225 27.1 3.9 2.9 2.4)15.9. Why Golden D. (Dp. 38 10.2 2.25) 1.8 8.3 9.4 Why Golden Comp. (Dp. 38 10.2 2.25) 1.8 8.3 9.4 Lin Qubitaries word Zilp 28 8.3 23.12 13.5 2.9 2.37.1.2 Apr. Golden Golden 22 2.2 12.2 12.3 15 1.111.8.9	
Building Societies  9,160 30-chroste 121:0c 94.86 300,102.6 12.70 9.89	Fb My Aq NvSex Pacies 510		100 204 103 104 104 104 105 105 105 105 105 105 105 105 105 105	Rosecular   Rever Farm 10p	Du. linc Outs W. 12   2119
100   100	Apr DerWonten RD - 1 273 242 1 48 33 2 25174  Hire Purchase, Leasing, etc.  May Goldan's (May 10s : 500,14 1 18 19 1 4,715)  May Co Boref 100 - : 507,25 191394 - 1 13 -  Lan Aschem's Goldan's (605 5. : 2 7 18 18 1 0 9 24 4 7 114	Feb. July Berton Gross 500 282582.6 th4 43.3 2.27.0 1 Age OccCamers A 206 138 [24.2 2.3.5 2.0.53] June Dec Caber 15.100 44 [12.3 62.2 21 7.0 8.5] Way DecCherk 28 [14.3 4.2.3 62.2 21 7.0 8.5] Const Verella 206 508 [12.5 10.755 1.315.5] Was Addition First Title 508 [12.5 11.072.5 1.315.5]	111 14 22 4 21 4 51 7 2 1 5 1 7 2 1 5 1 7 2 1 5 1 7 2 1 5 1 7 2 1 5 1 7 2 1 5 1 7 2 1 5 1 7 2 1 5 1 7 2 1 5 1 7 2 1 5 1 7 2 1	has Aug-Monte Farm Prof. 10p. 238 11.11 163.2 3.5 1.27.7 (Apr. Mor. Mor. Mor. Mor. Trade Sup	tent 11 (10.3 m. 10.3
121an 5.bb/ 06 12m 12.1 87	Mar   Jelyllad Scat Fin 10p   68   27.1   n 2 0 28   5.0 12   Feb   Oct   Moreover Ferminal   331   6.5   1.0 82   2.6   4.6 11.1 Mar   Oct Wagen Ferminal   331   6.5   1.0 82   2.6   4.6 11.1 Mar   Oct Wagen Ferminal   139   2.9   1.4 1.0 8.0   0.9 18.6 December   Woodchester IR20a   1.85   5.11 1.00 77%   4   3.11   4	April Oct. Cours 47	(1-2009-)-1-1 (1-10) (	Hor MayNichets (Viente) 215 1.4 6.0 2.6 3.0 13.8 3 Rt. Marchilloreses Group (Op. 63 13.1 1.8 2.0 4.14.4 3	ior MapHemura 100 54 258 223 24 6.9 85 why Hool/Repront Carment 22 225 7.2 17 5.0 16.9 why Hool/Repront Carment 22 25 7.2 17 5.0 16.9 why Pecificiate 3 25 25 10.3 10.4 10.5 10.5 10.5 10.5 10.5 10.5 10.5 10.5
Public Board and Ind.  1.1an 1.1alp/depre Mt 5oc 59-89   887/2 12 i 564 9 28   1.1an 1.5ep/Mer. Wtr 3oc 8   4641.2 i 652 9 48   Financial  11.1an 11.4r/dre e tod 11pc Units 88   98/262.6   111.7 12.00	Feb   July Sats   78542.6   7147-3.5   2.6.15.1   Jan   Ang Bettoven Brewers   44   23.2   9075-2.5   2.4.18   1.6   3.25   2.4   3.3   7.6   3.25   2.4   3.3   7.6   3.25   2.4   3.3   7.6   3.25   2.4   3.3   7.6   3.25   2.4   3.3   7.6   3.25   3.4   3.5   3	Jane   DecEllo & Scia   Se   74   254   249   4.71   Mor   Mor   DecEllo & Scia   Se   74   254   257   25	.00 378 h2.51 45.0 3.3 1.1/39.6	Inc.   July (RHM   222m25   15.27   2.7   1.35   Inc.   July (RHM   222m25   15.27   2.7   1.35   Inc.   July (July 2014   2.7   1.27   2.4   3.7   1.27   1.27   2.4   3.7   1.27   1	- House 709 - 46 1279 8 - 6 1279 10 - 6 1279 10 - 6 1279 10 - 6 1279 10 - 6 1279 10 - 6 1279 10 - 6 1279 10 - 6 1279 10 - 6 1279 10 - 6 1279 10 10 10 10 10 10 10 10 10 10 10 10 10
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Financial Times Monday June 9 1986 PROPERTY—Continued INVESTMENT TRUSTS—Cont. ## 19 Company of the | Augusticide | 103 | 104 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | OIL AND GAS | Display | Disp PCRA \$2 ... PCarr Boyd 20c. 23.12 M11.05 1.0 9.1 12.5 a0.73 1.3 0.8 M13.0 1.0 4.3 — 5.4 1.0 5.1 — 7.5.0 1.1 4.4 — 7.0 1.1 2.6 October | Dot | Topic Confident | Cl. | Sept | Cl. | SHOES AND LEATHER | SOUTH AFRICAMS | STATE | STA Cet St 2154 6 33 6 133 07 72263 1175 34 21177 120 6 58 6 415 33 36114 | The content of the | December | Proceedings | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1. Stock Price at Met Cw Ch Stock Price Stock Price at Met Cw Ch Stock Price Price Stock Price Stock Price Stock Price Stack Price at Het Cw/Gr

63% Bearer Bonds of 1986 (1994) Series II

### Kreditanstalt für Wiederaufbau Offer for Sale

Kreditanstalt für Wiederaufbau, Frankfurt am Main, issues 61/4 Bearer Bonds of 1986 (1994) Series II in a total amount of

#### DM 750,000,000.—

The net proceeds of this issue will be used for long-term investment loans. DM 700,000,000.— of this amount are offered for

sale by the syndicate of banks listed below. Issue Price:

99 1/2% plus Stock Exchange Turnover Tax with adjustment of interest.

Interest

DM 100.- or a multiple thereof. Denomination:

Lifetime/Redemption:

Ranking as Trust Investments/ Eligibility for Investments by

Insurance Companies:

Eligibility as Collateral for ("lombardfähig"):

Delivery:

Sale

Stock Index Number:

Allotments of Bonds will be at the discretion of the selling banks.

Frankfurt om Moin, June 1986

Baden-Württembergsche Bank Aktiengesellschaft Badische Kommunale Landesbank Bankenunion Franklijet am Main Aktiengesellschaft Aktiengerelischaft Bankers Tiust GmbH Bank für Gemeinwirtschaft Aktiengevellschaft Bank für Handel und Industrie Aktiengevellschaft Baverische Hypotheken- und

Wechsel-Bank Akbengesellschaft Bayernsche Landesbank Grozentrale Bayernsche Vereimbank Aktiengesellschaft Joh. Berenberg, Gossler & Co. Berliner Bank Aktiengesellschaft Berliner Commerzbank Akbengesellschaft Berkner Handels- und Frankturter Bank Bankhaus Gebrüder Bethmann Bremer Landesbank Wechsel Bank Aktre

- Grozentrale -mmerzbank Aktiengesellschaft mmerz-Credit-Bank AG Europartner

6 ให้ คับ p.a., payable annually in arrears on June 1, of each year. The first interest coupon

will be due on June 1, 1987.

8 years. The Bonds will be redeemed on June 1, 1994 at par. Redemption prior to maturity

The Bonds rank as trust investments and are eligible for investments by insurance companies, according to the German laws.

The Bonds will be admitted for trading and official quotation on all stock exchanges of the Federal Republic of Germany, including Berlin.

The Bonds are eligible as collateral for loans by Deutsche Bundesbank ("lombardfähig") Loans by Deutsche Bundesbank upon admittance for trading and official quotation.

> The Bondholder receives a Central Deposit Advice from the bank appointed by him. Delinitive Bonds will not be available. The Bond issue will be evidenced by one Global

The Bonds will be offered for sale by the undersigned banks as from today.

The detailed Offer for Sale to be published in the Bundesanzeiger (German Federal Gazette) is available from the banks.

Kreditanstalt für Wiederaufbau

CSFB-Erfectenbank AG Delbrück & Co. Deutsche Bank Aktiengesellschaft. Oeutsche Grozentrale

Oeutsche Grozentrale

— Oeutsche Kommunalbank —
Deutsche Westminister Bank
Aktiengesellschaft
Drissdore Bank Aktiengesellschaft
Bankhaus Mux Fleise & Co.
Fürst Fugger-Babenhausen Bank KG
Fürst Thurn und Taus Bank
Albert Stort von Thurn und Taus Albert Fürst von Thurn und Taxis Americans von Humi und Laas Cesternfunder Bank Aktierigssellsch Hamburgische Landesbank – Groze Handels- und Phyalibank AktierigseleSchaft Georg Hauck & Sohn Bankiers

Kommandigesellschaft auf Aktien Hessische Landesbank Von der Heydt-Kersten & Söhne Bankhaus Hermann Lampe Kommanditgesellschaft Landesbank Rhemland-Pfalz

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Aktiengesellschaft M. M. Warburg-Brinckmann,

Wirtz & Co. Westdeutsche Landesbank Geozentrale ntraie nbank Aktiengesellschaft ibergische Kommunale Landesbank

any active and open marketing, the other bldders have been trying to keep their proposals as secret as possible,

of the chark under the Mange of the Chark under the Chark

CONSTRUCTION CONTRACTS

# Groups seek to overcome Thames crossing problems

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

THE FIRST interesting thing And in this case, the "Most to build because of the ventila-about the £200m plus scheme to Secretive Contractor" prize has tion required for heavy goods build a new Thames crossing at to go to Trafalgar House which.

Dartford, east of London, is the on the day the Department of way the contractors are proposing to tackle the difficult bidders, took a top level technical problems it presents. decision not to reveal even whether its bid was for a bridge,

The second is the way they are facing up to the challenge or a tunnel, or both. policy of the contraction of the projects and the precedent set by the Channel Tunnel project.

The decision to opt for a bored tunnel is surprising bored tunnel is surprising bored tunnel are result of the experienced

M25 Motorway.

A variely of solutions bas been put forward to solve the problem of carrying more than 27m vehicles by 1990. Ideas include bridges, immersed tube tunnels and a bored tube

#### Secrecy

These proposals bave been put forward by seven groups of contractors which are prepared to raise finance to back their

Costain and Tarmac; the Dartford Joint Venture led by Balfour Beatty and Taylor Woodrow; the Dartford Tunnel Group led by John Mowlem; and Laing, Christlani and Seven Seas, have all proposed sub-merged tube tunnels as their

first choice solution.
Eurobridge with French Kier. and the Dartford Bridge Group led by Sir Robert McAlpine. have both proposed bridges; and Trafalgar House has proposed bolh a bridge and a bored tube

Of these seven groupings, only John Mowlem's Dartford Tunnel Group has responded to

But Trafalgar's favourile solution is building a bridge. announced This would provide work for its bridge building companies Cleveland Bridge and Redpath Dorman Long. Trafalgar is convinced that a bridge would solve some of the traffic manage-

through the lunnel.

Difficult

Bernard.

French Kier, and the French bridge-maker Campenon et

four-lane suspension bridge with a 500 metre span, which

The bridge-builders are con-vinced they could have a new

Eurobridge is proposing a

wants to build a bridge.

are facing up to the challenge of putting forward schemes they would finance themselves, following the Government's the Channel crossing, Trafalgar the channel crossing, Trafalgar policy of trying to attract wanted to lobby for its pre-

Transport

A new crossing is needed at Dartford because the existing because, as a result of the twin tunnels have become overloaded with the opening of the Motorway.

A new crossing is needed at bored tunnel is surprising because, as a result of the difficulties experienced boring the last Dartford tunnel under the Thames, most of the boring the last Dartford tunnel under the Thames, most of the companies have chosen a sub-merged tube tunnel as their preferred solution.

Mowlem's plan involves casting eight sections of tunnel, 28 metres wide, 115 metres long and weighing more than 20 tonnes each, in a specially-constructed dry dock at Cliffe Creek. 10 miles up the Thames estuary from Dartford.

Once cast, these are then floated down the Thames, sunk into place, and automatically joined on the river hed.

"The concept is simple," says Mr Roger Sainsbury, the John Mowlem director in charge of bidding for the project. "But it needs a lot of experience to make it work in practice" hence bis group's inclusion of an experienced Dutch company. Volker Stevin, in its bidding. Balfour Beatty—which bored the last Dartford tunnel—is also

including a Dutch expert, Ballast Nedam, in its bid. Costain and Laing are relying on their own previous experience in building immersed tube tunnels. But the reasons for choosing an immersed tube this time are

explained most vividly by Bal-four Beatty director, Mr David

openly declaring and promoting its scheme, for a £230m submerged tube tunnel under the Thames.

The others are behaving in the traditional manner of civil engineering companies bidding in confidence for public sector construction contracts awarded complete with finance to the lowest bidder.

Cowthra, "Our judgment against a bored tunnel was inguneted by the cost of doing it last time, where we ran into difficult ground conditions. That contract is still the subject of dispute." be said.

The others are behaving in the traditional manner of civil engineering companies bidding in confidence for public sector construction contracts awarded complete with finance to the lowest bidder.

The others are behaving in the cost of doing it last time, where we ran into difficult ground conditions. That contract is still the subject of dispute this as their more optimistic estimate.

Comparing the costs is even more of a problem. But most of the proposals work out at between £80m and £100m if the started in 1972 and opened in around three years, while the submerged tube tunnellers give this as their more optimistic estimate.

Comparing the costs is even more of a problem. But most of the proposals work out at between £80m and £100m if the government finances the contract is still the subject of dispute this as their more optimistic estimate.

Comparing the costs is even more of a problem. But most of the proposals work out at between £80m and £100m if the government finances the contract is still the subject of dispute this as their more optimistic estimate.

Comparing the costs is even more of a problem. But most of the proposals work out at between £80m and £100m if the government finances the contract is a still the subject of dispute the cost of dispute this as their more optimistic estimate. construction contracts awarded started in 1972 and opened in lowest bidder.

For, far from indulging in any active and open marketing, the other bidders have been trying to keep their proposals as secret as possible

The last Dartford Tunnel—

Started in 1972 and opened in between £80m and £100m if the started in 1972 and opened in struction work. If the contractouse of the bigh permeability tors have to finance the scieme and buy out and operate the existing toll tunnels themselves to the proposals as secret as possible.

Nonetheless, Trafalgar House is proposing a bored tunnel.

It rejected a submerged tube tunnel as being too expensive

It rejected a submerged tube tunnel as being too expensive

It rejected a submerged tube tunnel as being too expensive

It rejected a submerged tube tunnel as being too expensive

It rejected a submerged tube tunnels at believen tunnel as being too expensive

construction 021-704 5111 0344 426688 SOLIHULI. BRACKNELL

### Mechanical services at Sellafield

HADEN YOUNG has nine orders ment problems involved in a totalling £22.8m. A £6.4m con-tract from the Balfour Beatty tunnel system. The new bridge could be used for heavy vehicles Fairclough joint venlure at British Nuclear Fuels, Sellafield and hazardous cargoes, while cars and light vehicles could go is for mechanical services installations in the management centre and thermal oxide reprocessing plant. Two hospital contracts The Dartford Bridge Group Jed by Sir Robert McAlpine also ingelher worth £2.5m are at Warrington District General Hos-But whereas Trafalgar is pro-posing a cable-stay bridge, with the deck supported by cables direct from lowers, McAlpine is Warrington District General Hospital for the Merseyside Regional Health Authority and at Furness General Hospital for the Northern Regional Health Authority. At the new Refuge headouarters to Wilmslow. Cheshire, Haden Young will Install air conditioning and mechanical services worth £2m and will also design and construct mechanical elecdirect from lowers, McAlpine is proposing a 600 metre snan four-lane suspension bridge, where the deck is slung on cables from overhead supports. It is proposing to use tecbnology supplied by one of its partners in the bid, the Danish bridge-builder Monberg and

worth 12m and will also design and construct mechanical, elec-trical and sanitary services worth flm for a 120-room Nevotel hotel at Worsley, Man-

chester,
A £4.7m order for ICI's Mill. hank headouarters in London Is for refurbishment of the air conditioning, mechanical, sanitary and sprinkler services; and in Phase I of the Hammersmith Hosnital redevelopment scheme, Haden Young will install air conditioning and mechanical controlled c The third grouping that is leading its proposals with a bridge is Eurobridge, with contractors Brown and Root, ranen's foung will install air conditioning and mechanical services worth £2.6m. Site work will start in November on a £2.3m contract awarded by Wates Construction at the Royal Insurance building in Chancery Lane, London: —using the opposite approach to Trafalgor House—would carry cars and light vehicles while lorries would be sent through the existing tunnels. don; and a further project, worth £1.3m is al Crovdon Court House for the Property Services

DELTA CONSTRUCTION CO has been awarded contracts worth over £3.2m for lunnelling and main drainage projects in the private and public sectors. For Sandwell Metropolitan For Sandwell means agent Borough Council, acting as agent Trent Water for Severn Treni Water Authority, the company is carry-ling out a £1.3m second phase of the Toll End to Ray Halt trunk sewer,

Two refurbishment contracts lotalling £1.5m have been awarded lo MICHAEL BAKER CONTRACTS for up-grading offices at the headquarters build-log of Cannon Assurance at Wembley and the City of London offices of solicilors Simmons & Simmons.

# VIAG 1985 - Continued good performance

The VIAG Group comprises over one hundred companies operating in the energy, aluminium and chemical

#### **ENERGY** ~ Generating structure further improved

In 1985 the VIAG electricity generating compunies reported a 3.9% increase in sales to their supply areas. n ligure that was higher than the German national average. Thanks to their successful operations the contribulion of nuclear power stations to total supply rose to 34%. Along with hydropower these two low cost environmentally compatible energy sources accounted for more than 50% of the total electricity generated. The 2% increuse in the Group's natural gas sales was in line with general developnients. On the whole, earnings in the energy sector were favorable.

#### ALUMINIUM --Increased processing

In a difficult year for most aluminium producers the VIAG Group recorded a satisfactory result in spite of lower proceeds in the second half of the year. Reduced sales in primary aluminium were compensated for by a growth in semi-finished and other products.

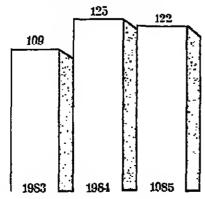
#### CHEMICALS -All divisions profitable

Expansion of specialty lines in 1985 combined with restructuring measures and productivity increases contributed to a successful year in this

#### DIVIDEND Raised to 10%

The VIAG Group increased total turnover by 2% to DM 12.2 billion. This increase was achieved by the energy sector. Consolidated Group external sales remained just under DM 6 billion, while the surplus of DM 122 million was at the same level as in the previous year. VIAG AG improved its earnings by 15% to DM 92 million. enabling a further strengthening of the reserves and an increased dividend from 8% to 10%.

VLAG-Consolidated-Group net income in DM million



#### Highlights from the VIAG-Consolidated-Group's balance sheet

(DM million)	1985	1984
Property, plant		
and equipment	2,405	2,341
Investments in		•
companies not		
consolidated	1,038	1,135
Inventories	1,412	1,314
Liquid funds		
and securities	321	252
Total sharehold		
equity	1,949	1,973
Long-term debt		2,482
Balance sheet t		5,986
External sales	5,919	5,973
Personnel		
expenditure	1,289	1,202
Taxes on incom		
and net assets	119	261
Net income for		
the year	122	125
Cash-flow	725	643
Number of		
employees	21,985	20,979
Total sales		
VIAG-Group	12,199	11,960
•	•	

The complete VIAG AG balance sheet and VIAG-Consolidated-Group balance sheet as of December 31, 1985, will be published in the Federal Gazette (Bundesanzeiger) by end of June 1986. These balance sheets bear the unqualified auditor's certificate of the public accountants, Treuhand KG Harikopf + Rentrop, and Treuarbeit

#### Large growth in fixed assets investment

The VIAG Group invested more than DM 1 billion in fixed assets. The emphasis lay in power station construction, environmental protection schemes for conventional Ibermal power stations and extensions to aluminium rolling capacities. Investments were financed entirely out of own cash-flow.

#### Positive outlook for stock exchange listing

The outlook for the 1986 business year is again favorable. VIAG is thus well prepared for the forthcoming introduction of its shares on German stock exchange where 40% of its nominal capital (DM 232 million out of a total of DM 580 million) will be offered for sale to the public.



Oow Industrial .. ....

CANADA

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### WORID STOCK MARKETS

COURTING	WORLD STOCK MARKETS					
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Telefon: 069/7598-0 The Financial Times (Europe) Ltd. Guiollettstraße 54 6000 Frankfurt/Main 1 the Bank of Jopan have not

given 9 oignificant public reaction. There may be a revival of speculation that the two may

join forces to provide support for the dollar although beyond

Mr Volcker's words tend to

LIFFE LONG GILT FUTURES OPTIONS

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## Dollar's decline to resume

A WEEK seems to be 2 long £ IN NEW YORK time in virtually every market these days but last week's of contradictions threatened to stretch currency £ apot dealings to eternity. It is odd that Mr Paul Volcker, US Federal Reserve board chairman, schieved on Thursday afternoon what be has been warning against for some time now, that io a further dollar decline. He did at the same time warn on the dangers of inflation although this geemed more of a codicil than an attempt to support the

CURRENCYMOVEMENTS OTHER CURRENCIES

| June e  | Bank of<br>England<br>Index  | Morgen<br>Gueranty<br>Changes   |
|---|--|---|
| Sterling U.S. doftar Canadian dellar Austrian schilling. Beiglen frenc Danish Krone Deutschie mark Swiss franc Oullder French franc Lire Lyen | 70.6<br>113.6<br>75.0<br>120.1<br>05.4<br>85.1<br>155.0<br>150.0<br>120.1<br>08.8<br>46.0<br>205.5 | -10.6<br>+0.6<br>-12.0<br>+7.9<br>-7.5<br>-0.8<br>+14.6<br>+10.0<br>+0.5<br>+15.3<br>-17.8<br>+50.0 |

1980-1982=100. Benk of England Index

| June 6  | 2   |  |
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Forward premiums and discounts apply

a cosmetic exercise this could pose more problems then it would ever solvs. As the market saw earlier this year, when everything was put on ice ahead of the French elections, it would be reasonable to suppose that any fireworks from Japan or West Germsoy would follow the sams timetable. System, the prospects of cutting interest rates and attempting to boost on aiready healthy economic growth rate are not likely to be high on the Bundes-

than an attempt to support the dollar.

The US Administration has had little joy from West Germaey or Japan in its latest efforts to reduce trade imhatances hut hoth countries have a set timetable to adhere to with local elections in West Germany and a general election in Japan in the first week of July.

In addition Weot Germany has suffered a return to capital inflows with resulting distortions in money supply and despite its current low level, the West German authorities always ohow their concern about the possibilities of rising inflation.

Taking this together with the Darark's relative weakness within the European Monetary

likely to be high on the Bundesbank and likely to be high on the Bundesbank and likely to be high on the Bundesbank and Mr Volcker's words tend to carry more punch than most and this week's comments may be very a more losting effect. Earlier in the week the dollar had been dancing in all directions with make the dollar nearly plant. Mr Martin Feldstein, former chairman of the US council of economic advisers, schieved attempt to redress the inhalance by reducing the dollar's value to the extent that Japanese and West German exporters begin to feel the squeeze. This bardly levels would be substantial, seems the right scenario for Clearly the market abould not continue to trade from statement about the dollar's former chairman of the US are all reaching for the same that when he said that the west Germany Japan and the ways of achieving it.

West German general election in rates would have to be led by west Germany or Japan. Mr Martin Feldstein, former chairman of the US council of economic advisers, schieved by reducing the dollar's value to the extent that Japanese and the market when he said that the ways of general experience or we will attempt to redress the inhalance by reducing the dollar's relatively bunt.

So far the Bundesbank and this week's comments may be the dollar. Mr Volcker's week's comments and this week's comments are truit in the week the dollar. Mr Martin Feldstein, f

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|--|----------|--|--|--|
| _  | June e   |  | Special<br>Drawing<br>Rights   | European<br>Currency<br>Unit   |
| 10<br>00<br>4<br>30<br>96<br>16<br>10<br>570<br>40<br>16<br>02<br>70<br>90<br>90 | Sterling | 8.92<br>4<br>8.92<br>4<br>7<br>31 <sub>4</sub><br>41 <sub>6</sub><br>01 <sub>5</sub><br>12<br>31 <sub>2</sub><br>0 | 116424<br>18.2341<br>53.0748<br>9.62361<br>9.62361<br>8.92639<br>8.67776<br>100.840<br>6.85403<br>166,005<br>8.8311<br>164,839 | 0.639863<br>0.062058<br>1.34316<br>15.1186<br>45.9231<br>7.254836<br>2.41840<br>6.64428<br>1474,07<br>101.065<br>7.32334<br>137.223<br>6.02867<br>1.77334<br>154.662<br>0.706327 |
|  |          |  |  |  |

**CURRENCY RATES** 

DOLLAR SPOT-FORWARD AGAINST DOLLAR

LONDON

20-YEAR 124 NOTIONAL £50,000 32nds of 100%

£30,000 32nda of 100%

Close High Low Prev
June 124-05 124-05 123-18 123-08
Sapt 124-10 124-10 123-18 123-15
Dac 124-10 — 123-18 123-15
Dac 124-10 — 123-10
Est. Velume 7,236 (7,23)
Previous day's open int. 16,236 (18,815)
Sasie quote (clean cash price of 12%
Trassury 2004/08 less aquivalent price of near futures contract) —4 to 4
(22nds)

000 64ths of 100% Close High Low Prev 102-63 103-10 102-00 102-60 103-03 103-03 102-61 102-00 Velume 454 (89) ous day's apen int. 1,168 (1,148)

Low Prev 90.38 90.36 91.00 90.86 91.10 91.07 91.05 91.03 90.96 90.94

162.20 162.70 164.90 164.85 — 167.40

THREE-MONTH STERLING 2500,000 Points of 100%

June 83-10 83-19 5 Sept 82-23 83-06 97 Dec 82-00 (8,121) Fist. Volume 7,988 (8,121) Previous day'e open int. 9

CERT, DEPOSIT (HAM) Tire points at 100%

**EXCHANGE CROSS RATES** 

CHICAGO

| June 5   | Day's<br>spread | Close         | One month        | %<br>p.e. | Three       | %<br>p.s. |
|----------|-----------------|---------------|------------------|-----------|-------------|-----------|
| ukt      | 1.5015-1,5130   | 1,5045-1,5056 | 0.38-0.33c pm    | 2.75      | 0.56-0.52 p | m 2.90    |
| Irelandi | 1,3565-1,3650   | 1,3630-1,3540 | 0.35-0.20c pm    |           | 0.80-0 SE p |           |
| Conada   | 1.3925-1.3972   | 1,3960-1,2970 | 0.18-0.21c dis   |           | 0.83-0.88ds |           |
| Nothind. | 1,4910-2,0195   | 5.5045-2.5056 | 0.17-0.14c pm    |           | 0.74-0.65 p |           |
| Selgium  | 45.40-40.65     | 45,45-46.56   | 1 pre-1c dis     |           | 2 pm·2 dis  |           |
| Desmark  | 0.224-8.275     | 6.221-8.221   | 0.10-0.60ore dia |           | 1.00-1.50da |           |
| W. Cer.  | 5.2210-2.2370   | 5,2280-5,2290 | 0.50-0.47st pm   |           | 1.00-1 50 p |           |
| Portugel | 145,50-150,50   | 150.00-150.30 | 100-250c dts     |           | 275-675die  | -15.67    |
| Spain    | 141.95-142.72   | 142.25-142.36 | 60-75c dte       |           | 166-185die  |           |
| Italy    | 1523-1534       | 15253-15274   | 42-7 lire die    |           | 15-10% dte  |           |
| Norway   | 7.684-7.61%     | 7.59-7.55     | 4,40-4,65ors die |           | 13.65-13.50 |           |
| France   | 7.07-7.124      | 7.081-7.091   | 0.15-0.30c dia   |           | 0,40-0 50de |           |
| Sweden   | 7.17-7.21       | 7,173-7,814   | 1.65-1.75orn dis |           | 4.70-4 90d  |           |
| Јерип    | 107.20-168.70   | 167.60-187.70 | 0.37-0.32y pm    |           | 1.67-1.02 p |           |
| Austria  | 15.61-15.71     | 16.64 - 15.65 | 3,00-2,40gro pm  |           | 6.25-8.25   | 1.45      |
| Switz.   | 1.8290-1.8450   | 1.8385-1.8386 | 0.33-0.28c pm    |           | 1.10-1.00 p |           |
| + UK     | and Ireland e   | ra quoted in  | US currency. Fo  | brawto    | premiuma i  | end       |

FORWARD RATES AGAINST STERLING Spol 1,5050 1-month 1.5018 10.6775 2.7675 252.25

Pelgian rate is for convertible francs, Financial franc 68,70-68,80 Sia-menth forward dellar 1.67-1.62c pm. 12-month 2.65-2.55c pm

**EMS EUROPEAN CURRENCY UNIT RATES** 

POUND SPOT-FORWARD AGAINST POUND

|               | Ecu<br>central<br>rates | Currency<br>amounts<br>against Ecu<br>June 6 | trom<br>cantral | % change<br>edjusted for<br>divergence | Divergence<br>limit % |
|---------------|-------------------------|--|-----------------|--|-----------------------|
| Seigian Franc | 43 0761                 | 43.8931                                      | +0.50           | +0.63                                  | ±1.5388               |
| Danish Krone  | 7.91896                 | 7-95485                                      | +0.45           | +0.58                                  | <u>+</u> 1,6408       |
| German O-merk | 2.13834                 | 5.14941                                      | + 0.52          | +0.65                                  | ±1.120Z               |
| Franch Franc  | 0.96200                 | 0.84423                                      | -1.70           | -1.67                                  | +1.3701               |
| Outch Guilder | 2.40935                 | 5.41840                                      | +0.38           | +0.51                                  | ±1.5081               |
| Irish Punt    | 0.712956                | 0.708357                                     | -0.64           | -0.51                                  | ±1.6689               |
| Italian Lire  | 1496.21                 | 1474.57                                      | -1.45           | -1.32                                  | 4.0788                |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

| June 6         | Short<br>term | 7 Days    | Month   | Months . | Sbc<br>Months | Year      |
|----------------|---------------|-----------|---------|----------|---------------|-----------|
| terling        | 104 10s       | 104-104   | 011-913 | 84-94    | 84.84         | 94.94     |
| S. Dollar      | 6H-7H         | Gig 7re   | 013-713 | 7.718    | 7-75          |           |
| an Dellar      | 8.814         | 8.819     | 8 & B.  | Big Bij  | BH-914        | BH-97     |
| Gullder        | 87g-61g       | On el     | 0/8-0/4 | 014-014  | 0.74-0.74     | 55g-64g   |
| w. Franc       | 9.94          | 204.27    | 474.5   | 4-4-476  | 41.4          | 434 434   |
| outschmrk      | 41444         | 44-44     | 4443    | 418-458  | 44.45         | . 416-416 |
| r. Franc       | 74.73         | 74.75     | 74.74   | 75-74    | 74-7%         | . 744-7-4 |
| taltan Lire_   | 9-11          | 1119-1218 | 104-124 | 114 114  | 114-115       | : 114-114 |
| Fr.(Fin)       | 714.714       | 7474      | 714-71  | 74.7la   | 74-7la        | 74.74     |
| LFr.(Con)      | 276-778       | 718-74    | 714.744 | 714-704  | 714.704       | 71.7.     |
| · 10,          | 4-1-45        | 4.4.44    | 41441   | 411-434  | 404-412       | 411-416   |
| . Krone        | BI4-634       | O18 008   | Bla-Ota | 8-54     | 8-04          | Bir Bie   |
| Ilene I Isnell | 7.714         | 76.76     | 7676    | 76-74    | 718.714       | 74-71     |
|                |               |           |         | -16.14   | 0.74          | 14-14     |

**NEW YORK** 

Treasury Bills & Bonds

#### MONEY MARKETS

# Base rates in the melting pot

THE BANK OF ENGLAND'S money market operations on Friday provided a lively subject Friday provided a lively subject for debate at the end of a week domicated otherwise by guessing the timing of the next base rate cut. The Back's decision to lend seven day money at 10½ per cent was described by one dealer as "a non signal." Thia is probably true but only if its actions were ever designed to have a message in the first place.

With the market already in overdrive about the next base rate cut, the authorities had little need to be accommodating or to give a nod or wink, so that

UK clearing bank base lending rate 10 per cent since May 22

when discount bouses were reluctant to play ball on Friday morning, preferring to hold on to their longer dated paper in the hope of increasing the return on a hase rate cut, the Bank may have found its options severely limited. Had it wanted to delay a cut in rates then a higher rate of interest would have been charged. At the same time a friendly £600m over

WEEKLY CHANGE IN WORLD INTEREST RATES

| LONGON                               | June 6           | chenge           | NEW YORK              | Јиле €   | ohenge      |
|--------------------------------------|------------------|------------------|-----------------------|----------|-------------|
| Baso rates                           | 10               | unch'd           | Primo rates           | Ble      | Unch' d     |
| 7 doy Intorbank                      | 1012             | + 16             | Fedoral funds         | 612      | + 14        |
| 3mih interbenk                       | 23€              | ,-14             | 3 Mth. Treasury Bills | 6.05     | -0,27       |
| Treasury all Tender                  | 9.1149           | -0.8718          | e Mih. Treasury Bills | e.79     | +0.3e       |
| Band 1 Bills<br>Band 2 Bills         | 914              | Unch'd<br>Unch'd | 3 Mth. C D            | 6.85     | + 0.25      |
| Band 5 Bills                         | 93.              | Unch'd           | FRANKFURT             |          |             |
| Band 4 Bille                         | 913              | Uuch d           | Lombard               | 5.6      | Unoh'd      |
| 3 Min. Transury Bills                | 9.4              | —                | One mth. Inferbank    | 4.40     | -0.20       |
| 2 Mih. Sank Zirle                    | 034              | <b>—</b>         | Three month           | 4.675    | unch'd      |
| 3 Mth. Bank Bills                    | 98               | -4               |                       |          |             |
|                                      |                  |                  | PARIS                 |          |             |
| TOKYO                                | 4.39373          | -0.185           | Intervention Rate     | 24       | unen d      |
| Dne month Bille<br>Three menth Sills | 4.65625          | Unch'd           | One mth. Interbank    | 7%<br>75 | ,+ rs       |
| I ULGG MGUIU DINS                    |                  | :                |                       | * FE     | + 14        |
| BRUSSĒLS                             |                  |                  | MILAN                 |          |             |
| One month                            | 7.5              | —1's             | One menth             | 19.4     | Unch' d     |
| Three month                          | 7.4              | .—16             | Three month           | 12       | '+ rk       |
| AMSTERDAM                            |                  |                  | DUBLIN '              |          |             |
| One month                            | 6.4              | —Ig              | Doe month             | 85a      | —Н <b>Т</b> |
| Three month                          | 5 <del>.</del> k | unch' d          | Three month           | 05g      | — <u>w</u>  |

MONEY RATES

|           |                                   |                 |               |                 | _             |                     |
|-----------|-----------------------------------|-----------------|---------------|-----------------|---------------|---------------------|
| June 6    | Ov'r-nig'i                        | Dno<br>Month    | Two<br>Months | Three<br>Months | Şix<br>Monihs | Lombard<br>in'v'tin |
| Franklurt | 714                               | 7: 7:           | 7:474         |                 |               |                     |
| Zurich    | 7g-11g '<br>6 <del>.1, 6</del> 3g | 43,41,<br>64,64 | = 1           | 6 12 6dr        | =             | : =                 |
| Tokye     | 12124                             | 19 lg 12 lg     | _             | 4.6662e         |               | ! =                 |
| Brussels  |                                   | 7 L. 75         |               | . 7 ta 7 ta     | QI- 84.       | : =                 |

the weekend was likely to servs little purpose.

Interhank rates have been discounting a cut all week and were no bigher after Friday's method of beip. This week sees money supply tomorrow and retail prices on Friday. It should also see a return to oingle figure base rates.

\_\_\_ £427m \_\_\_ £100m

| beip. This week sees money ipply tomorrow and retail ices on Friday. It should also e a return to single figure base tes.  RANK OF ENGLAND TO |        |          | Four year                              | Three year 7.50 Four year 7.07 Five year 7.07 Five year 7.07 Five year 7.07 Seven year 7.55 30 year 7.57  REASURY BILL TENDER |         |  |
|---|--------|----------|--|---|---------|--|
|   | June 6 | : May 30 | <del></del>                            |   | Nay 30  |  |
| tai of offer  | £100m  | £100m    | Top Accepted fate of discount. Average |   | 9.3453% |  |

illotment at minimum level... 65% e7% FT LONDON INTERBANK FIXING (11.00 a.m. June 6) Six mostles US delians the US dellars

DIO 7 18 Offer 7 4 five referents beaks at 11 am each working day. The banks are National Westmineter Sank, Bank of Tokyo, Deutsche Benk, Banque Hationale de Parts and Morgan Gueranty Trust. LONDON MONEY RATES

7 days Three Six notice Months Months | Particle | Particle

Trastury Bills (sail): ene-menth 3% per cent: three months 3½ per cent. Sank Bills (sail): ene-menth 3% per cent: three months 3½ oer cent. Treesury 5/18: Average lander rate at discurs 8.1142 per cent. ECGO Fixed Finance Schame iV reference date May 7 to Juna 3 (inclusive) 10.176 per cent. Local Authority and Finance Houses seven days' notice, ethera seven days' flated. Finance Neuses Base Retes 10½ per cent from Juna 1, 1985, seven days' natice 4.35-4.375 per cent. Certificates of Tea Deposit (Series 6): October 2100,000 and over held under ene month 10 per cent; ene-three months 3½ per cent; three-six months 3½ per cent; ene-three months 3½ per cent; three-six months 3½ per cent; nine-12 menths 3½ per cent. Under £100,000 0½ per cent from Juna 6. Deposits held under Serios 5 3½ per cent. Deposits withdrawn for cash 5½ per cent.

Financial Times Monday June 9 1986

ement is insued in accordance with the requirement; of the Council of The Stock loss not constitute an invitation to any person to subscribe for or punchase myse Application has been made for grant of permission to deal to the Unlisted Securities Market on The Stock Exchange in the undermonic securities. It is emphasized that no application has been made for these securities to be admitted to listing.

> HENDERSON PRIME RESIDENTIAL PROPERTY OFFSHORE FUND LIMITED (incorporated under the Companies (Guernsey) Laws, 1908 to 1973)

INTRODUCTION OF

PARTICIPATING REDEEMABLE PREFERENCE SHARES OF ID EACH Particulars of the Company are available in the Statistical Services of Extel Statistical Services Limited. Copies are available until 11th June, 1986 from the Company Announcements Office of The Stock Exchange, London EC2 and until 23rd June, 1986 from:-

Cazenove & Co., 12 Tokenhouse Yard, London EC2R7AN.

Sept 0.25 0.50 1.40 2.50 4.60 7.65

LIFFE US TREASURY BOND FUTURES DETIONS

THREE-MONTH EURODOLLAR (IMM) Sim points of 100%

CURRENCY FUTURES

8 pot 1-mth. 3-mth. 6-mth. 12-mth. 1.5080 1.6016 1.4366 1.4386 1.4790 IMM — STERLING \$2 per £

LIFFE-STERLING £25,000 8 per £

POUND-S (FOREIGN EXCHANGE)

Close Nigh 1,5070 1.6110 1,4960 1.5030 1,4900 1,4950 1,4915 1,4945

Close 1.5080 1.5074 1.5080 1.4988 1.4980 1.4918 (830)

\$ | OM ' VEN | FFr. | SFr . MFI | Lira

0.837, 1.410 8,149 936,9, 10, 9,599 8,831 9159, 1,968 64,18 0,861 0,844 1,912 01.13 8,858 1, 1,382 830.4 0,757 94,75

0.365 0.099 0.690 68.81 8.809 0.784 1. 009.5 0.607 18.17 0.485 0.665 1.460 109.5 4.646 1.804 1.641 1000 0.814 08.81

C6 : 0.476 0.710 1.567 120.2 5.082 1.517 1.794 1094 1. 55.60 FF 1 1.460 2.197 4.898 368.2 15.59, 4.040 6.504 3856, 3.067 100. Yen per 1,000: French Fr por 10: Line per 1,000: Beig Fr per 100.

1 505 3.555 969.2 10.66 9.760 0.776 9898 2.101 68.50 1. 0.282 167.7 7.095 1.839 2.505 1527, 1.596 45.60

LONDON SE E/S DPTIONS \$12,500 (cents per E1)

Henderson Administration (Guernsey) Limited, P.O. Box No. 71. Barfield House, St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands

Group plc, London ECIA IDA

9th June, 1986



#### U.S. \$50,000,000 **Kone Corporation**

Floating Rate Notes Due 1994 In accordance with the provisions of the Notes. notice is hereby given that far the Interest Period from 9th June, 1986 to 9th December, 1986 the Rate of Interest will be 71/2% per annum. The interest payable on the relevant Interest Payment Date, 9th December, 1986, will be U.S. \$381.25 for each U.S. \$10,000 principal amount of

Agent Bank: Morgan Guaranty Trust Company of New York London

the Notes.



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